

Health Care Reform

How will it affect people living with mental illness?

Health Care and Mental Illness

Today, recovery is the expectation for people who experience mental illness and co-occurring disorders. We know that treatment works—if you can get it. However, there is an average delay of eight to ten years between the onset of mental illness and when people typically get treatment.

Without prompt help for mental illness, conditions can worsen and become more resistant to treatment. Yet, getting timely treatment is challenging. With over 46 million uninsured people nationwide and revenue shortfalls impacting community mental health and Medicaid program eligibility and services, many children and adults with serious or chronic mental health needs have little or no access to care. And, for those who are in-

jured, existing laws (such as pre-existing condition exclusions) often create barriers to getting needed treatment for mental health and co-occurring disorders.

Federal health care reform addresses many of the challenges people with serious mental illness and co-occurring disorders have in getting and keeping health care coverage. As health care reform is implemented, it is important for Kansans to understand changes that can most significantly impact people with serious mental illness and co-occurring disorders. It is expected that the new health care law will expand coverage to an additional 32 million U.S. citizens and legal immigrants by 2019. This will happen through a combination of state-based private



insurance exchanges and expanded Medicaid coverage for low-income adults. In addition to these measures, the new law includes a range of insurance market reforms as well as efforts designed to slow the growth of health care costs and improve quality of care. This guide is offered as an overview with additional resource information for those who want to learn more.

Prevalence of Mental Illness

Mental disorders are common. An estimated 26.2 percent of adults—about 1 in 4—experience a diagnosable mental disorder every year. About 1 in 17 has a serious mental illness such as schizophrenia, major depression or

bipolar disorder, and about 5% - 9% of children have a serious emotional disorder.¹

One half of all lifetime cases of mental illness begin by age 14, three-quarters by age 24.²

The need for early intervention

and access to medical and mental health treatment is clear. However, fewer than one-third of adults and one-half of children with a diagnosable mental disorder receive mental health services in a given year.³



October, 2010

Upcoming Conference Calls on Health Reform

▪ **Thursday, November 4th**, 7:00-8:00 p.m. — Guest Speaker: Anna Lambertson, Executive Director, Kansas Health Consumer Coalition — “Achieving Health Reform in Kansas”

▪ **Monday, November 15th**, 7:00-8:00 p.m. — Guest Speaker: Andrew Sperling, Director of Legislative Affairs, National Alliance on Mental Illness — “Mental Health Parity & Health Reform”

How to connect to the calls:

Dial -1-800-326-0013 and enter the Conference ID: 2202601#

Data compiled by the National Association of State Mental Health Program Directors (NASMHPD) in 2006 revealed that adults with serious mental illness have a life expectancy that averages 25 years below the general population due to significantly higher rates of medical co-morbidities such as diabetes, heart disease, pulmonary disease, asthma, and cancers, as well as poor access to primary care.

Changes in Health Care Reform

Market Reforms

The law prohibits annual and lifetime limits on coverage, and also bans “rescission”, a practice in which insurance companies retroactively cancel a policy for almost any reason, including discovering that a person has received treatment for mental illness or substance abuse.

Lifetime limits have been common in Kansas. Even the state’s high-risk pool (for people who can’t find or afford private insurance) has a \$2 million lifetime limit.

Rescissions have been allowed in Kansas, but are not common practice. However, the new laws will not allow rescissions at all.

Extending Dependent Coverage

Young adults can remain on their parents’ insurance plan until age 26. This provision went into effect in September. In the past, most Kansas insurance plans set limits between the ages of 19–23.

Preventive Care

The new law mandates that preventive services be covered with no cost-sharing requirements. These types of services include immunizations and recommended screenings.

Prior to the new law, insurance companies were required to cover many preventive services, but beneficiaries were often required to share the costs via deductibles and co-payments. This part of the new law went into effect in September.



Changes by 2014...

***Everyone will be required to have health insurance.** People who do not will be assessed penalties. In Kansas, approximately 340,000 people are uninsured. About 17% of Kansans at or below 400% of the Federal Poverty Level (FPL) are uninsured and may be eligible for subsidized coverage.

***States will create health insurance exchanges.** These state-regulated exchanges will provide private coverage to individuals and small employers. There will be four tiered plans with varying premiums, benefits, and co-pays. After 2017, employers with more than 100 workers may be allowed to use the exchanges as well.

***Premium credits and subsidies** to assist people in acquiring coverage will be made available starting in 2014 to people who earn less than 400% of FPL (about \$88,000 for a family of 4). The 84% of uninsured Kansans below 400% FPL may be eligible for credits and subsidies. Some may also be eligible for no-cost coverage through the state’s expanded Medicaid program.

***People earning up to 33% more than FPL will be eligible for Medicaid** starting in 2014. This could add as many as 87,000 to the Medicaid program in Kansas. Kansas currently has one of the lowest eligibility thresholds in the nation for adults with dependent children (childless and non-disabled adults are not eligible at all).

***Legislation will establish a minimum set of services that health plans must cover.** The following services must be included in the “essential health benefits package”:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- **Mental health and substance abuse treatment**
- Prescription drugs
- Rehabilitative services & devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

The laws regarding these categories will be further defined in coming years.

***This year, a new federal high-risk pool will be established** for people whose health conditions make it hard to purchase private coverage. Only those who have been uninsured for six months or longer, and who have a pre-existing condition are eligible. This pool will continue until 2014, when other coverage becomes available.

***Medicare Part D beneficiaries** who have reached or are about to reach coverage limits known as the donut hole, will immediately be eligible for a \$250 rebate. The donut hole will be closed over 10 years. Next year, drug manufacturers will begin providing a 50% discount on brand-name prescriptions. An estimated 73,000 Kansas seniors will qualify for the drug coverage rebate.

***Employers** with fewer than 25 workers who offer health insurance with a shared premium are immediately eligible for **variable tax credits**. The smallest (those with 10 employees or less) will be eligible for the largest credits of up to 35% of the employer’s contribution to premium costs. Larger employers who either do not offer insurance or whose insurance does not meet federal guidelines, will have to pay penalties starting in 2014.

In Kansas, nearly 67% of people receive health insurance through an employer. However, more than 20% of those working for the 43,000 Kansas small businesses eligible for the credit are uninsured. Only 25% of Kansas businesses are large enough to be subject to the penalties. Many of them already offer coverage to their employees.

***People under 30** and those otherwise exempt from the health insurance requirement will be eligible for **limited policies** covering catastrophic events and preventive services. These policies will have relatively low premiums. 40% of the uninsured in Kansas are young adults between 19 and 34. The catastrophic plans are intended to give these 135,000 Kansans an affordable option when the federal mandate takes effect in 2014.⁴

Treatment Works

Without access to treatment, people living with mental illnesses and co-occurring substance abuse disorders are more likely to experience crises, leading them to rely on more costly emergency room care or inpatient psychiatric care.

Investments in effective treatments and services for mental illnesses save lives and money. Treatment outcomes for people with even the most serious mental illnesses are comparable to outcomes for well-established general medical or surgical treatments for other chronic diseases. Early treatment success rates for mental illnesses are as high as 60–80 percent.

Early intervention can interrupt the negative course of some mental illnesses and may in some cases lessen long-term disability and lost productivity.

Coverage for and access to mental illness and addiction care has the potential to save money. Access to treatment for people living with a mental illness and/or addiction can also be life saving.

Access to affordable and effective treatment helps people regain their lives, and become healthier citizens and more productive community members.



Conclusion

Overall the law will greatly benefit individuals with psychiatric disabilities by:

- Expanding access to health insurance coverage (through both private plans and Medicaid) and making it more affordable and quality-driven.
- Setting standards for health insurance policies to protect consumers.

- Setting minimum requirements regarding services that health plans must cover and including mental health and substance abuse services in that mandate.
- Making changes to Medicaid and Medicare that will benefit people with disabilities, including individuals with psychiatric disabilities.

- Encouraging more coordinated primary care and specialty mental health care, promoting preventive services, fostering workforce development initiatives, and making other changes designed to improve the quality and availability of services that people receive.

Source: Judge, David L. Bazelon Center for Mental Health Law, 2010. "How Will Health Reform Help People with Mental Illnesses?"

References & Resources

¹ The Numbers Count: Mental Disorders in America; National Institute of Mental Health. Retrieved from <http://www.nimh.nih.gov>

² National Alliance on Mental Illness fact sheet; NAMI. Available at www.nami.org.

³ National Alliance on Mental Illness fact sheet; NAMI. Available at www.nami.org.

⁴ The Who, What, When and How of Health Reform; United Methodist Health Ministry Fund. Available at www.healthfund.org.

National Alliance on Mental Illness <http://www.nami.org/healthcare>

Kansas Insurance Department <http://www.ksinsurance.org/consumers/healthreform/hcr.htm>

Kansas Health Policy Authority <http://www.khpa.ks.gov/ppaca/default.htm>

Federal government's health reform website <http://www.healthreform.gov>

American Public Health Association <http://www.apha.org/advocacy/healthiestnation/>

Bazelon Center for Mental Health Law, <http://www.bazelon.org/>

Kansas Health Institute <http://www.khi.org/news/2010/jun/03/federal-health-reforms-impact-kansas/?research>

Kansas Health Consumer Coalition, <http://kshealthconsumer.com/>



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- Important information for you and your family about health reform and its impact on people living with a mental illness
- Two upcoming conference call opportunities to learn more about how health reform will affect your family

