Your Brain on Health Care Reform: Progress for the Mentally Ill?

President Obama signed the final piece of the new health care reform legislation into law March 30, capping more than a year of contentious debate. Polls show that many Americans remain confused about what's in the law, so Smart + Strong Healthy Mind has developed a primer on the basic provisions that will affect people with mental illness.

May 6, 2010 By David Evans

The Patient Protection and Affordable Care Act (PPACA) was signed into law by President Obama at the end of March. Yet, a recent poll by the Kaiser Family Foundation found that 56 percent of Americans don't feel they have enough information about the law to determine how it will affect them personally. What's more, portions of the law remain controversial with the public; some politicians have vowed to repeal PPACA altogether; and the new law has not simplified the convoluted and frustrating world of health care. Nonetheless, a number of policy experts believe it will ultimately expand health care coverage for many of those who need it most—including people living with mental illness.

PPACA will change existing laws about how health insurance companies operate, and it will provide new opportunities to become insured for people who have been locked out of current insurance programs, usually because of unaffordable premiums or because of preexisting medical conditions. It will also significantly expand coverage for health care and medication for millions of people. Some of these changes will go into effect in the near future. Others won't kick in until 2014. Still, the new law doesn't achieve universal health care, so even in 2014 some people will remain uninsured.

"Like most bills, it's not all good or all bad," says Andrew Sperling, director of legislative advocacy with the National Alliance on Mental Illness, one of the nation's largest mental health advocacy organizations.

On balance, however, Sperling thinks that the law will be good for people with mental illness. "People with mental illness are more likely to be uninsured, and they're more likely to experience bad health outcomes in the current system. So our view is that anything that can be done to expand coverage, and improve health outcomes, is going to be helpful to people with serious mental illness."

The PPACA will be implemented in stages over the next four years. Thus, it will take time to fully understand its practical implications. In the meantime, it is possible to chart the likely impact of the basic provisions of greatest interest to people who live with, or have ever suffered from, mental illness.

Immediate Benefits of PPACA

The 2,393 page law covers a lot of territory, but key elements will affect people living with mental illness. First, the law will phase in new protections against the denial or loss of insurance. In the short term, insurance companies will no longer be able to deny insurance to children who have a history of mental illness. In 2014, this protection will be extended to adults. Moreover, within six months of the law's passage, insurance companies will no longer be able to terminate insurance coverage for people if they get sick.

Also, the law states that the Department of Health and Human Services (DHHS) must establish and provide a high-risk pool in every state. These high-risk pools offer at least some coverage for people who can't get insurance due to preexisting conditions. The high-risk pools are supposed to come on line within 90 days of the bill's passage and are designed to provide coverage until health insurance exchanges are formed in 2014 to offer a more comprehensive and permanent solution for people with preexisting conditions.

The design and administration of these high-risk pools are up to the discretion of the DHHS and the states. Many states already have high-risk pools, which offer coverage after a person has been denied insurance and been without it for at least six months. Unfortunately, the coverage on these old plans is sometimes limited and the premiums and co-payments are often quite high. In addition, the plans often have exclusions based on a previous medical condition. For instance, if you were initially denied coverage due to a history of major depression, then many current high-risk pools would not pay for any treatment for depression for the first six months after you join the plan. The details on these new high-risk pools won't be available until the end of June.

Lastly, people with Medicare will soon see some benefits from PPACA. In September of this year, the federal government will send a rebate check of $250 to people whose prescription drug costs were high enough that they entered the so-called "doughnut hole" in their Medicare Part D drug coverage. The doughnut hole refers to the gap in Medicare drug coverage that occurs after the cost of a person's medication exceeds $2,830. Coverage doesn't kick back in until a person's total drug costs for the year exceeds $6,440. Reimbursement for costs incurred within the doughnut hole go up to 50 percent in 2011, and the donut hole is scheduled to be terminated by 2020.

Long-Term Benefits

In 2014, PPACA will expand the number of people eligible for Medicaid by including families with an income below 133 percent of the federal poverty level. This is calculated based on the total income and number of adults and dependents within a family. Sperling says the expanded Medicaid program is "one of the most important parts of the bill for people with serious mental

illness, because the new population under Medicaid [will be] largely childless adults, many of whom have a serious mental illness."

To accomplish this expansion, PPACA will offer financial assistance to the states. States have the ability to expand Medicaid sooner, but would have to put up half of the money to cover the expansion until 2014. Different levels of federal assistance to the states will be available, depending on the coverage they offered residents before the Medicaid expansion. "Some states will get substantially higher [federal matching funds] for the newly eligible population relative to the preexisting…population," Sperling says. Congress has yet to address what will happen to states after the federal assistance peters out.

The law also requires that each state set up a health insurance exchange for individuals and small businesses buying insurance. This must happen by 2014. The exchanges are intended to be competitive marketplaces where purchasers can choose from a range of health insurance options in the same manner that large employers currently do. Experts hope that most insurance companies will opt to sell their insurance policies on the exchanges.

Insurers who offer plans in this exchange must comply with various regulations, including a requirement for mental health benefits. And the federal government will offer subsidies to help people with lower incomes buy insurance on the exchanges. People will also have the option of paying for four levels of coverage. Some will offer lower premiums while requiring much higher out-of-pocket costs for services. Higher level plans will have higher premiums but lower out-of-pocket costs.

Another Day, Another Battle

Shortly before the health care law passed, Obama acknowledged that it wasn't perfect and that additional laws would be necessary to improve it. The National Alliance on Mental Illness is already advocating for specific legislation, such as a bill sponsored by Senators John Kerry (D–Massachusetts) and Olympia Snowe (R–Maine) that will extend Medicare coverage for longer in-patient treatment of people with psychiatric conditions.

According to Drew Altman, PhD, the President and CEO of the Kaiser Family Foundation, we must get used to the fact that our national struggle with health care reform won't end anytime soon. "Experience in every other developed nation teaches us that reforming health care is not like fixing a problem with your car. You don't find the problem, identify a solution and then it is fixed," said Altman in a posting on the Kaiser website.

Altman says that PPACA "marks a milestone in health and domestic policy of enormous importance, both in the directions it sets and the policy objectives it achieves." He acknowledges, however, that even though all the elements on the new law are expected to be in place by 2018, it won't be the end of the story.

"Like other nations we will always be reforming our health care system," he concludes. "In that

broader sense, implementation is forever.”

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