

Judge David L.

**BAZELON CENTER**

for Mental Health Law

If I have a mental illness  
**Will Health Reform  
Help Me?**

For consumers of mental health services, a  
review of protections in the Affordable Care Act

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## If I have a mental illness

# Will Health Reform Help Me?

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In 2010, Congress passed and the President signed the Affordable Care Act. As parts of this health reform law take effect between now and 2014, it will make major changes in health insurance and the health care system, and many parts of it can improve your access to mental health services. This fact sheet describes some of these changes.

The biggest change will be for people who have not had any health insurance. This includes people whose employers do not offer insurance, who have not purchased their own policy, who are not veterans using the VA system and who are not on Medicaid or Medicare. By 2014, health reform will make it easier for them to get private insurance or Medicaid and will make private insurance more affordable.

Health insurance plans will have to cover mental health and substance abuse services. They will also have to meet standards for quality of care and improve the efficiency of health services. And they will have to focus on prevention.

### ✓ **Most people who are now uninsured will be able to get insurance.**

After January 1, 2014, everyone must have health insurance, just as car owners must now have car insurance or pay a penalty. ***But this does not mean that everyone will have to buy insurance or that people will have to buy insurance they cannot afford.***

- People whose income is below a certain level will be able to sign up for Medicaid.
- Others whose income is above that level but below another, higher limit will get financial aid to help pay for private insurance.

Some people who have incomes that are too high to qualify for Medicaid still might not be able to afford a health insurance plan. If your income is below 400% of the federal poverty level (in 2011, \$43,560 for individuals and \$89,400 for families of four), you will be able to get a government subsidy to help you pay the premiums.

The amount of this subsidy will depend on your income. There is also a limit on the percentage of income you would have to pay to buy insurance.

Small employers are also eligible for premium subsidies.

If you still cannot afford insurance, even with a government subsidy, you will not be forced to purchase any insurance.

**Nothing in the new law forces people to lose the health care coverage they have now.**

Employers (except businesses with fewer than 50 employees) are encouraged to provide insurance. If they do not, they will have to pay a fee for any employees who receives a subsidy to buy their own policies.

**✓ Medicaid will cover many more people.**

Medicaid covers many community mental health services that can aid in recovery, including services that most private insurance plans do not cover. This means that Medicaid is often better than private insurance for people with serious mental illnesses.

Under the new law, starting in 2014, adults will be able to qualify for Medicaid based only on their income. This means that, *for the first time, low-income, single adults without children will have access to Medicaid.* This group includes many people with serious mental illnesses, such as schizophrenia, bipolar disorder and depression.

As a result of health reform, starting in 2014, everyone with an income below 133% of poverty will qualify for Medicaid (in 2011, that was \$14,484 for individuals and \$29,726 for a family of four). The law allows states to begin this coverage early, and some already have.

Expanding Medicaid this way will be very helpful. Now, most adults can qualify for Medicaid only if they receive federal

Supplemental Security Income (SSI) disability benefits, are parents of a child who is eligible or otherwise meet their state's eligibility rules. However, many people with mental illnesses do not get SSI, either because the rules are so strict or because they choose not to apply.

✓ **Health insurance will improve your access to both health and mental health care.**

The new law will make health insurance more available for people with mental illnesses. Until now, many insurance companies have often refused to sell or renew a policy to someone with a mental illness. If they do provide coverage, they have often refused to pay for mental health treatment or limited the length of treatment.

The new law forbids these actions.

- Health insurers have to sell and renew policies to everyone who applies. They may not discriminate based on a person's mental or physical disability.
- Insurers may not deny coverage because a person has a pre-existing health or mental health condition.
- No health plan can have an annual limit on certain benefits.
- No health plan can have a lifetime limit on benefits.
- Insurers may not charge people with poor health more than others. Premiums (the amount you pay to have insurance) will be more equal.

✓ **You will have choices of insurance.**

To help people compare plans when they purchase health insurance, the law creates organizations called exchanges. The exchanges will start on January 1, 2014. In most cases, they will be set up and run by the states.

All plans offered through the exchanges will have to cover at least a minimum list of services. This includes mental health and addiction services. These services must be covered at parity with medical and surgical coverage—that is, there can be no differences between mental health and other health care in the length of treatment or in

your co-payments and deductibles.

All insurance plans sold through the exchanges must also cover hospitalization, emergency department services, outpatient services, prescription drugs and preventive services.

These changes will be valuable because, for the first time, you can be sure that any health plan you purchase will cover mental health and addiction services and will do so on the same terms as other health care.

The mental health and addiction services that insurance plans can be expected to cover are medications, therapy, inpatient hospital care and (still undefined) rehabilitative services.

✓ **Plans will have different levels of cost-sharing.**

Each exchange will offer a choice of plans. All the plans must have at least the minimum benefit, but they might differ a great deal in the amount they charge for premiums, deductibles or co-payments. You will be able to choose the health plan that best suits your needs, based on the level of out-of-pocket payments you are able to make and the premiums you are willing to pay.

The law also creates a special plan for young adults under the age of 30, to cover catastrophic health care costs. This plan will have a very high deductible but will protect against extremely high expenses.

✓ **You can get help in choosing a plan.**

Choosing health insurance can be confusing. The exchanges will help you compare plans by giving you information about benefits, premiums, cost-sharing, quality, provider networks and consumer satisfaction for each plan. This information will be in non-technical language that is easy to understand.

Assistance will also be available through toll-free phone lines, state consumer-assistance or ombudsman programs and a website. A federal government website, [www.healthcare.gov](http://www.healthcare.gov), already has a great deal of information about the law.

✓ **Assistance will be available for people who believe their rights are violated.**

All insurers must have grievance and appeal systems. Ombudsman programs or offices of health insurance consumer assistance will protect your rights if you have disputes with your health plan.

✓ **The law stresses prevention and wellness.**

The health reform law expands prevention services and limits cost-sharing for those services. People with serious mental illnesses are at great risk for many preventable diseases. Services that screen for or prevent diabetes, heart disease and cancer can greatly improve their lives. But until now, co-payments have discouraged many people from getting essential preventive care.

- Plans will be required to cover certain prevention services, with no cost-sharing.
- Employers will receive grants to set up programs to encourage healthy behavior and help consumers give up smoking.
- Medicare already covers proven preventive services without cost-sharing and, starting in 2013, states will have an incentive to offer the same coverage for Medicaid recipients.

The law also promotes research on effective prevention strategies to help us learn how to prevent and treat mental illness.

✓ **You may be able to access primary care and mental health care at the same location.**

The law supports new ways of delivering health care that can give you access to more coordinated services. It offers states the option to use Medicaid for health care or medical “homes” that would address all of your health care issues. Like “one-stop shops,” these homes will provide primary care services as well as care management, coordination and referrals to appropriate specialty services. Many will also offer basic mental health care.

Community mental health centers are among the providers that can qualify to be a health care home and provide both primary care and mental health services at the same location.

These provisions acknowledge that mental and physical health are linked and that people with serious illnesses need more services and better coordination of their services to be as healthy as possible.

✓ **The quality of both health and mental health care should improve.**

Various provisions in the law aim to improve our knowledge about what services work best for various health conditions, including mental illnesses. New research will be conducted to find better treatments, and providers are encouraged to offer you the most effective services.

✓ **Medicare drug coverage will improve.**

The law makes prescription drugs more affordable under Medicare. Until now, consumers using Medicare Part D have had to pay the full cost of their medications after they spend a certain amount each year. This gap in coverage is known as “the donut hole.” Once the consumer has spent up to another much higher level, the Medicare coverage starts up again.

The new law gradually eliminates the “donut hole,” starting in 2010 with a payment of \$250 to everyone who got stuck in it. In 2011, the price of brand-name drugs drops by 50% and subsidies begin to be available for generic drugs a consumer buys while in the Part D gap.

Many people with mental illnesses are on Medicare because they receive Social Security Disability Insurance. Their income tends to be low and the “doughnut hole” is a serious burden for them. This change will help them.

✓ **The Affordable Care Act will help people who have mental illnesses.**

In short, the new law will greatly benefit you by:

- Expanding your access to health insurance coverage and making it more affordable and quality-driven.
- Setting standards for health insurance policies that will protect your rights.
- Setting minimum requirements for the services your health

plans must cover and including mental health and addiction services.

- Making changes to Medicaid and Medicare that particularly benefit people with mental illnesses.
- Encouraging better access to prevention services and improving knowledge about how to prevent illness.
- Encouraging more coordination between primary care and mental health care.
- Improving the quality of mental health treatment.
- Improving the Medicare Part D drug benefit.

Most of the law's provisions are to be phased in over time, so full reform of the health care system will not occur until 2013 and 2014.

No doubt you have heard about attempts to repeal the new health reform law. If the changes explained here are important to you—and to other people with mental illnesses—you may want to tell that to your Senators and Representative in Congress.

✓ **For more information about the health reform law:**

- The Bazelon Center's website:  
[www.bazelon.org/Where-We-Stand/Access-to-Services/Health-Care-Reform.aspx](http://www.bazelon.org/Where-We-Stand/Access-to-Services/Health-Care-Reform.aspx)
- The federal government's website:  
[www.healthcare.gov](http://www.healthcare.gov)
- The Kaiser Foundation's timeline for implementation:  
<http://healthreform.kff.org/timeline.aspx>
- A more detailed Bazelon Center publication about the law, *How Will Health Reform Help People with Mental Illnesses?* (PDF):  
<http://bit.ly/fHHn7U>