

# Fact Sheet: Mental Health Care and the Affordable Care Act

Compiled by Megan J. Wolff, PhD MPH  
Last updated: 3/23/2017

**The rate of uninsurance among Americans has presented serious and ongoing challenges to the provision of health care and mental health services in the United States.**

## **Prior to the passage of the Affordable Care Act in March, 2010:**

- 47.5 million Americans lacked health insurance coverage.<sup>1</sup>
- 25% of uninsured adults had a mental health disorder or substance use disorder, or both.<sup>2</sup>
- In the Individual Insurance Market
  - 34% of those with individual market plans had no coverage for **substance use disorder** services.
  - 18.9% had no coverage for **mental health services**, including outpatient therapy visits and inpatient crisis intervention and stabilization.<sup>3</sup>
  - 9% had no coverage for **prescription medications**.<sup>4</sup>
  - **Federal parity law** did not apply to mental health benefits in this market. Coverage for mental health and substance use disorders did not need to be comparable to that of medical and surgical care.<sup>5</sup>
- In the Small Group Market
  - Federal parity law did not apply to mental health or substance abuse benefits (though 95% of individuals with this class of insurance had them) in the small group market.

## **The Affordable Care Act was implemented in 2014 and created the following changes in the provision of mental health care and treatment for substance use disorders:**

- **Essential Health Benefits:** Mental health and substance use disorder benefits were classified as essential health benefits, and became mandatory within all plans in all markets.

---

<sup>1</sup> Estimated based on the US Census Bureau's 2011 American Communities Survey.

<sup>2</sup> Garfield RL, Lave JR, Donahue JM, "Health reform and the scope of benefits for mental health and substance use disorder services." *Psychiatric Services* 61:1081-1086 (2010).

<sup>3</sup> "Essential Health Benefits: Individual Market Coverage," ASPE Issue Brief, Washington, DC: U.S. Department of Health & Human Services, 2011. <https://aspe.hhs.gov/basic-report/essential-health-benefits-individual-market-coverage>

<sup>4</sup> *ibid*

<sup>5</sup> Kirsten Beronio, Rosa Po, Laura Skopec, & Sherry Glied, "Affordable Care Act Will Expand Mental Health and Substance Use Disorder Benefits and Parity Protections for 62 Million Americans," ASPE Issue Brief, Washington, DC: U.S. Department of Health & Human Services, February 20, 2013. <https://aspe.hhs.gov/report/affordable-care-act-expands-mental-health-and-substance-use-disorder-benefits-and-federal-parity-protections-62-million-americans>

- Insurers were prohibited from applying annual and/or lifetime dollar limits to essential health benefits.
- The Department of Health and Human Services estimates that mental health disorders were among the most common pre-existing conditions for which Americans were denied coverage or charged excessively prior to implementation of the ACA.
- The number of people who gained coverage for mental health and substance use disorders due to their inclusion as essential health benefits expanded as follows:
  - Individual market: 3.9 million<sup>6</sup>
  - Small group market: 1.2 million<sup>7</sup>
  - Uninsured due to preexisting conditions (all markets): 3.6 million<sup>8</sup>
- **Parity Protections:** Federal parity protections became mandatory within all plans in all markets.
  - Building on the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA, or the federal parity law), the act required insurers that provide coverage for mental health and substance use disorder benefits to do so at a rate comparable to coverage for general medical and surgical care.
  - The number of people who gained parity protections for mental health and substance use disorder benefits under the ACA expanded as follows:
    - Individual market: 7.1 million<sup>9</sup>
    - Small group market: 23.3 million<sup>10</sup>
- **Medicaid expansion** extended insurance coverage to low-income adults earning up to 138% of the federal poverty line. This coverage included access to mental health services and substance use disorder treatment.
  - 32 states (including the District of Columbia) extended Medicaid under the Affordable Care Act.<sup>11</sup>
  - 16.2 million people enrolled in Medicaid under the ACA, gaining access to care for mental health and substance use disorders.<sup>12</sup>

---

<sup>6</sup> *ibid*

<sup>7</sup> *ibid*

<sup>8</sup> "Health Insurance Coverage for Americans with Pre-Existing Conditions: The Impact of the Affordable Care Act," ASPE Issue Brief, Washington, DC: U.S. Department of Health & Human Services, January 5, 2017. <https://aspe.hhs.gov/system/files/pdf/255396/Pre-ExistingConditions.pdf>

<sup>9</sup> Beronio, et al. February 20, 2013.

<sup>10</sup> *ibid*

<sup>11</sup> "Centers for Medicare and Medicaid Services. Medicaid & CHIP: August 2016 Monthly Applications, Eligibility Determinations and Enrollment Report." November 3, 2016. <https://www.medicaid.gov/medicaid/program-information/downloads/august-2016-enrollment-report.pdf>

<sup>12</sup> "December 2016 Medicaid and CHIP Enrollment Data Highlights" Medicaid.gov <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>

- As of December 2016, 74 million people were enrolled in Medicaid.<sup>13</sup>
  - Medicaid is the nation’s principal insurer of the poor; Medicaid’s principal objective is to furnish medical assistance to people who cannot afford necessary health care.<sup>14</sup>
  - Medicaid accounts for nearly half of all births, covers over one-third of all children, and accounts for nearly half of all long-term care spending.<sup>15</sup>

**President Donald Trump has promised to “repeal and replace” the Affordable Care Act, an initiative with significant implications for the provision of care for mental health and substance use disorders in the United States.**

- **Repeal**

- Campaign promises to immediately repeal the ACA met resistance from a wide spectrum of stakeholders on a variety of grounds.
  - Analysis by the Urban Institute released on December 6, 2016 estimated the following:<sup>16</sup>
    - The number of **uninsured people** would **rise from 28.9 million to 58.7 million** in 2019, an increase of 29.8 million people (103%).
      - 82% of the people becoming uninsured would be in working families.
      - 38% would be ages 18 to 34.
      - 56% would be non-Hispanic whites.
      - 80% of adults becoming uninsured would not have college degrees.
    - This would generate an additional **\$1.1 trillion in uncompensated care** between 2019 and 2028, which would fall to hospitals, clinics, physicians, etc., and to state and local governments.
    - Federal government **spending** on health care for the nonelderly would be **reduced by \$109 billion** in 2019 and by **\$1.3 trillion** from 2019 to 2028.
    - State spending on Medicaid and CHIP would fall by \$76 billion between 2019 and 2028.
    - **Abandonment of the individual and employer mandates** in the midst of an already established plan year would cause major disruption in the insurance market.

---

<sup>13</sup> *ibid*

<sup>14</sup> Sara Rosenbaum, “The Unfolding Medicaid Story: Congress, Governors, and the Trump Administration,” *Health Affairs Blog*, March 20, 2017. <http://healthaffairs.org/blog/2017/03/20/the-unfolding-medicaid-story-congress-governors-and-the-trump-administration/>

<sup>15</sup> *ibid*

<sup>16</sup> Blumberg LJ, Buettgens M, Holahan J., “Implications of partial repeal of the ACA through reconciliation,” Washington, DC: Urban Institute, 2016. <http://www.urban.org/research/publication/implications-partial-repeal-aca-through-reconciliation>

- The number of **uninsured would increase by 4.3 million immediately.**
    - Insurers would undergo **\$3 billion in financial losses.**
  - A January 24<sup>th</sup>, 2017 Congressional Budget Office report reiterated that repeal alone would leave **20-30 million Americans without coverage** and **possibly collapse the individual insurance market.**<sup>17</sup>
- **“Repeal and Delay”**
  - In December, 2016, Republican Congressional leaders put forth a strategy of “repeal and delay” that would postpone the effective date for several years while lawmakers evolve new legislation.
    - Stakeholders objected on a variety of grounds, including concerns that:
      - The move would create significant disruption and uncertainty in the insurance markets, likely to result in higher premiums and the participation of fewer private companies in the federal exchange.
      - Hospitals may be obliged to cut back services and jobs in anticipation of a surge in uncompensated care.
      - Immediate repeal of the ACA’s taxes and savings could make it difficult to pay for an eventual replacement.<sup>18</sup>
      - **Essential Health Benefits**, including coverage of mental health and substance use disorders would be **weakened.**<sup>19</sup>
        - Though these measures are difficult to repeal, states have flexibility to choose what level of those “essential” benefits must be offered.
        - The Trump administration could weaken the requirement by allowing states more leeway to accept less generous plans when determining if adequate benefits are being covered.
        - The administration could allow states to define their own essential health benefits standards.
- **Replace**
  - House Republican leadership introduced the **American Health Care Act (AHCA)** on March 6, 2017. It is currently moving through congress, and received amendments on March 20<sup>th</sup>.

---

<sup>17</sup> “The Budget and Economic Outlook: 2017 to 2027,” Congressional Budget Office, January 24, 2017. <https://www.cbo.gov/publication/52370>.

<sup>18</sup> Timothy Jost, “Eye on Health Reform: First Steps of Repeal, Replace, and Repair,” *Health Affairs*, March 2017, vol. 36 no. 3 398-399. <http://content.healthaffairs.org/content/36/3/398.full.pdf+html>

<sup>19</sup> Sara Rosenbaum, “Repealing the Affordable Care Act Through Executive Action: The Case of Essential Health Benefits,” *Milbank Quarterly Online*, January 19, 2017. <https://www.milbank.org/quarterly/articles/repealing-affordable-care-act-executive-action-case-essential-health-benefits/>

- The bill's focal point is **Medicaid spending**, which it aims to reduce by \$880 billion over a 10-year time frame through two main mechanisms:<sup>20</sup>
      - **Elimination of adult expansion** of Medicaid initiated under the ACA
      - Introduction of **per-person spending limits**
  - Medicaid is the nation's principal insurer of the poor; Medicaid's principal objective is to furnish medical assistance to people who cannot afford necessary health care.<sup>21</sup>
    - The roll-back of Medicaid services and entitlements would include personal attendant services expanded under the ACA to avoid unnecessary institutionalization, including for people with mental health disorders and intellectual disabilities.<sup>22</sup>

### **Recommended Selected Analysis**

Timothy Jost, "Eye on Health Reform: First Steps of Repeal, Replace, and Repair," *Health Affairs*, March 2017 vol. 36 no. 3 398-399.

Barack H. Obama, J.D., "Repealing the ACA without a Replacement — The Risks to American Health Care," *NEJM*, January 26, 2017; 376:297-299.

Sara Rosenbaum. "The Unfolding Medicaid Story: Congress, Governors, and the Trump Administration" *Health Affairs Blog*, March 20, 2017.

---

<sup>20</sup> Sara Rosenbaum, "The American Health Care Act and Medicaid: Changing A Half-Century Federal-State Partnership" *Health Affairs Blog*, March 10, 2017. <http://healthaffairs.org/blog/2017/03/10/the-american-health-care-act-and-medicare-changing-a-half-century-federal-state-partnership/>

<sup>21</sup> Sara Rosenbaum, "The Unfolding Medicaid Story" March 20, 2017.

<sup>22</sup> For a guide to the ACA enhancement of these services, see <https://www.medicare.gov/federal-policy-guidance/downloads/smd16011.pdf>