



Issue Brief

Implementing the New Health Reform Law: Making Sure Reform Works for People Living With Mental Illness

In March of 2010, the President signed into law the *Patient Protection and Affordable Care Act* (PPACA, P.L. 111-148) and the *Health Care and Reconciliation Act of 2010* (P.L. 111-152). The new law is intended to expand health care coverage to an additional 32 million citizens and legal immigrants by 2019 through a combination of state-based private insurance exchanges and a Medicaid expansion. In addition, the new law includes a range of insurance market reforms as well as provisions designed to slow the growth of health care costs and improve quality of care.

In addition to implementing PPACA, federal agencies are also working to put in place new rules that require group health plans to cover mental illness and substance abuse treatment on the same terms and conditions as medical-surgical coverage that is at parity. This law, known as the *Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008* began going into effect for new plan years that started after October 3, 2009.

NAMI urges Congress to ensure that:

- All health plans offered through state-based health insurance “exchanges” meet their obligations to BOTH include mental health benefits as part of the required standard benefits package AND comply with the Wellstone-Domenici parity law
- Expansion of Medicaid eligibility (especially for single adults up to 133 percent of the Federal Poverty Line) integrates a strong, comprehensive benefits package for children and adults living with mental illness and does NOT threaten existing optional services offered by states for current mandatory populations (including prescription drugs and services under the state Rehabilitation Option)
- Full implementation of the Interim Final Regulations (IFR) for the *Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008* published by the Departments of HHS, Labor and Treasury on February 2, 2010.

Provisions in Health Reform Designed to Expand Coverage and Promote Better Outcomes for People with Mental Illness

1) Expanding Coverage through Medicaid

Starting in 2014, the new law will require states to expand Medicaid eligibility up to 133% of the Federal Poverty Line (about \$14,404 for individuals and \$29,327 for a family of four), regardless of traditional eligibility categories such as SSI, thus including childless adults living with mental illness.

2) Expanded Coverage through State-Based Health Insurance Exchanges in 2014

Mental illness and addiction treatment services are included on the list of essential benefits that must be covered in new plans offered to the uninsured through the new state exchanges, and all health plans offered through the state-based exchanges would be required to comply

with the *Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008*.

3) Private Insurance Market Reforms

Starting in 2014, preexisting condition exclusions will be prohibited in all health plans (six months after enactment for children) with mental illnesses such as schizophrenia, bipolar disorder and major depression qualifying as conditions upon which coverage cannot be denied.

4) Improvements to Care Coordination

States will have a new state Medicaid plan option allowing enrollees with at least two chronic conditions or at least one serious mental health condition to designate a provider (which could be a community mental health center) as a “health home” to better coordinate access to primary care and a new grant program will support co-location of primary and specialty care services in community-based mental health agencies.

5) Changes to Medicare

The new health reform legislation addresses the Medicare Part D “doughnut hole” with an immediate \$250 rebate for beneficiaries falling into the coverage gap in 2010, with complete phase-out of coverage gap by 2020. Starting in 2011, drug companies will begin providing a 50 percent discount for brand-name medications, with the gap narrowing to zero by 2020.

Interim Final Regulations Implementing the 2008 Mental Illness Parity Law

On February 2, 2010, the HHS, Labor and Treasury Departments published a strong Interim Final Regulation (IFR) ensuring that group health plans meet their obligations under the Wellstone-Domenici insurance parity law for ending limitations and conditions on coverage of mental illness treatment relative to medical-surgical coverage. Unfortunately, a coalition of managed behavioral health “carve-out” plans have filed a lawsuit in federal court seeking to block enforcement of the regulations.

The regulations:

- Contain clear and concise definitions of equitable coverage standards (ensuring that mental health benefits are “no more restrictive” than the “predominant” financial/treatment limitations as applied to “substantially all” medical and surgical benefits)
- Require deductibles and out-of-pocket limits be integrated and cumulative across all services
- Provide for equitable coverage across a broad array of service categories such as inpatient treatment, outpatient treatment and prescription drugs, and
- Require parity for “non-quantitative treatment limits” (NQTLs) such as prior authorization rules and other utilization management techniques employed by plans.

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