



National Alliance on Mental Illness

ISSUE BRIEF

What the Affordable Care Act Has Meant for People with Mental Health Conditions — And What Could Be Lost

NOVEMBER 2020

In 2021, the Supreme Court will decide a case, *California v. Texas*, that could overturn part or all of the Affordable Care Act (ACA).

The Court could invalidate all of the ACA — or key provisions that protect people with mental health conditions — putting coverage and protections at risk, particularly for people with mental health conditions.

Mental health and substance use disorders affect millions of Americans. Almost 1 in 5 U.S. adults experience mental illness each year, and about 1 in 25 experience a serious mental illness.¹ About 1 in 14 people age 12 or older had a substance use disorder in 2018.² More recent data suggest the incidence is on the rise due to COVID-19. Polling found that more than half of adults in the United States reported that their mental health had been negatively impacted due to worry and stress over the coronavirus.³ In fact, mental illnesses may soon be the most common pre-existing condition in the nation.⁴

It is critical to understand the important role the Affordable Care Act (ACA) plays in helping people access the mental health care they need and deserve. Through expansion of comprehensive private health insurance and Medicaid, people have experienced improvements in their mental health. One study showed fewer poor mental health days, along with low-income adults with chronic conditions having increased access to care.⁵ Another study found significant improvements in self-reported mental health amongst young adults.⁶ Yet another study showed that people with mental health conditions were more likely to report a usual source of care.⁷

Under the ACA, people with mental health conditions experienced the following critical improvements in health coverage:

More People with Mental Health Conditions Covered for Care

The ACA resulted in an extraordinary expansion of mental health and substance use disorder coverage. About 20 million people have gained insurance coverage because of the ACA, including 15.3 million who became eligible for Medicaid.⁸ Research has shown that the ACA resulted specifically in significant reductions in the uninsured rate for individuals with mental health conditions^{9,10} and one study showed the share of people going without mental health care due to cost has fallen by about one-third.¹¹

- **The ACA expanded Medicaid.** Before the ACA, eligibility for Medicaid was limited to narrow categories such as pregnant women, families with children, older adults and people with disabilities with very low incomes. In many states, adults with mental illness who did not have or were waiting on a disability determination were left ineligible regardless of how low their income¹² or how severe their condition.



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With the ACA, millions of people with mental illness are eligible for Medicaid, the nation's largest payor of mental health services.

- **The ACA made insurance more affordable.** Before the ACA, individuals seeking private insurance were often priced out of coverage. With the ACA, premium tax credits reduced the premiums paid by people who earn up to 400% of the federal poverty level, or about \$87,000 for a family of three. The ACA also provides some limits on deductibles and co-pays. While health insurance can still be out of reach, subsidies and reduced cost-sharing help more people gain comprehensive health coverage.
- **The ACA extended coverage for young adults.** Before the ACA, young adults were frequently uninsured because their parent's plans no longer covered them and they could not afford separate coverage. With the ACA, young adults can remain on their parent's plan up to the age of 26, even if they no longer live at home. This provides coverage at a time in life when people are particularly vulnerable to experiencing mental illness — 75% of chronic mental health conditions begin by age 24.¹³

Greater Protections for People with Mental Health Conditions

The ACA also provided important protections that reduced inequities. Prior to the ACA, many people with mental health and substance use conditions were considered “uninsurable” and, at best, only had access to a high risk pool (in 35 states). At their peak, those pools only covered about 250,000 people across all states. Furthermore, they typically imposed a 6 to 12 month waiting period for coverage of pre-existing conditions, cost people at least 50% more than other plans, and imposed lifetime and annual dollar limits on covered services, including, in some states, on mental health treatment or prescription drugs.¹⁴ High risk pools did not provide adequate coverage and were effectively stop-gap measures.¹⁵

- **The ACA ended discrimination against people with pre-existing conditions.** Before the ACA, health insurers in the individual market routinely denied coverage to people with pre-existing conditions, including mental health and substance use disorders.¹⁶ With the ACA,

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to people with mental illness

marketplace plans must offer coverage to all people, regardless of pre-existing conditions. The ACA also prohibits plans from covering a person, but excluding coverage of their pre-existing conditions, and prohibits charging a person a higher premium based on their health status (such as a history of a mental health condition).

- **The ACA required coverage of mental health care.** Before the ACA, some individual plans did not cover mental health and substance use disorder services.¹⁷ With the ACA, individual and small group plans must cover mental health and substance use disorder services and prescription drugs, both of which are 1 of 10 “Essential Health Benefits” (EHB). The ACA also prohibits annual or lifetime limits on these services.¹⁸
- **The ACA extended parity protections.** Before the ACA, many individual and small group plans failed to cover mental health and substance use services at the same level as other medical services. The ACA extended the Mental Health Parity and Addiction Equity Act (MHPAEA) to individual and small group plans. As a result, mental health and substance use services must be covered at parity with other medical services. This means, among other things, that plans cannot have more stringent visit limits, higher cost-sharing or stricter medical management policies (such as prior authorization and utilization review) for mental health and substance use services than for comparable medical services.

What Happens If the ACA Is Overturned?

- **People with mental health conditions will lose coverage.** If the ACA is overturned, people who no longer receive the ACA’s help with premiums will find insurance unaffordable. An estimated 21.1 million more people will become uninsured, including many people with mental health and substance use disorders.¹⁹ In addition, single adults with serious mental illness will not be eligible for Medicaid in many states, unless they make it through a federal disability determination, and parents won’t be able to cover their young adult children to age 26 on their plans.
- **People may not be able to even purchase coverage.** If the ACA is overturned, people with pre-existing conditions may not be able to purchase coverage. In addition, insurers will be able to cancel or

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21.1
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refuse to renew a person's plan merely because they use health care or have a health condition, such as depression or anxiety.

- **Mental health care will be less affordable.** If the ACA is overturned, millions of people will lose the tax credits and reduced cost-sharing that made coverage more affordable. In addition, insurers will be allowed to apply annual and lifetime dollar limits that leave people with the most severe conditions without coverage when they need it most. And, insurers will be able to charge people more for insurance simply because they have a mental health condition.
- **Health insurance won't be required to cover mental health.** If the ACA is overturned, individual and small group plans will not be required to cover the Essential Health Benefits, which include mental health and substance use disorder services and prescription drug coverage. And plans will be able to exclude coverage for pre-existing conditions.

In short, if the ACA is overturned, people with mental health conditions will be discriminated against. People with mental health conditions and substance use will once again have to rely on a private health insurance market that discriminates against people with pre-existing conditions. Insurance plans will be able to deny people with mental health conditions coverage, charge higher rates because a person has a mental illness, and offer little or no coverage for mental health and substance use services and prescription drugs. Federal mental health parity protections in the individual market will be gone.

We can't go back to a time when health coverage for millions of people with mental health conditions was inaccessible, inadequate and unaffordable.

If the ACA is overturned, insurers will be able to charge people more for insurance

SIMPLY BECAUSE THEY HAVE A MENTAL HEALTH CONDITION

End Notes

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- ¹⁷ Dania Palanker, et al., “**Mental Health Parity at Risk**,” National Alliance on Mental Illness (May 2018).
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About NAMI

NAMI, the National Alliance on Mental Illness, is the nation’s largest grassroots mental health organization dedicated to building better lives for the millions of Americans affected by mental illness.

This issue brief prepared with the expert contributions of Dania Palanker, Kevin Lucia, and JoAnn Volk from the Georgetown University McCourt School of Public Policy.