

**LOOKING AHEAD:
PAUL WELLSTONE AND PETE
DOMENICI MENTAL HEALTH
PARITY AND ADDICTION
EQUITY ACT &
THE AFFORDABLE CARE ACT**

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Capitol Decisions, Inc

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National
Press
Club





Rep. Jim Ramstad (R-MN)
March 2008 Parity Rally
Washington, DC



Sen. Chris Dodd (D-CT)
September 2008 Parity Rally
Washington, DC



Dave Wellstone
September 2008 Parity Rally
Washington, DC





President Barack Obama signing the Affordable Care Act, March 23, 2010

A Modern Mental and Substance Use Disorders System of Care

8

- Health reform and parity will allow our field to catch up with its brain science and other technological innovations
- We must understand the vision and the value of the modern system and how policy implications mean big business!

A Consumer Driven Need for Parity: Mental Health Treatment Gap

9

- In 2008, there were **10.6** million adults with an unmet need for mental health care
- Nearly 60% of those reported they either could not afford care or were uninsured or under-insured for their mental health conditions

Source: 2008 SAMHSA National Survey on Drug Use and Health, published Sept. 2009



A Consumer Driven Need for Parity: Addiction Treatment Gap

10

- In 2008, **20.8** million people needed treatment for a substance use disorder but did not receive it
- Nearly 40% of those reported they had no coverage and could not afford cost

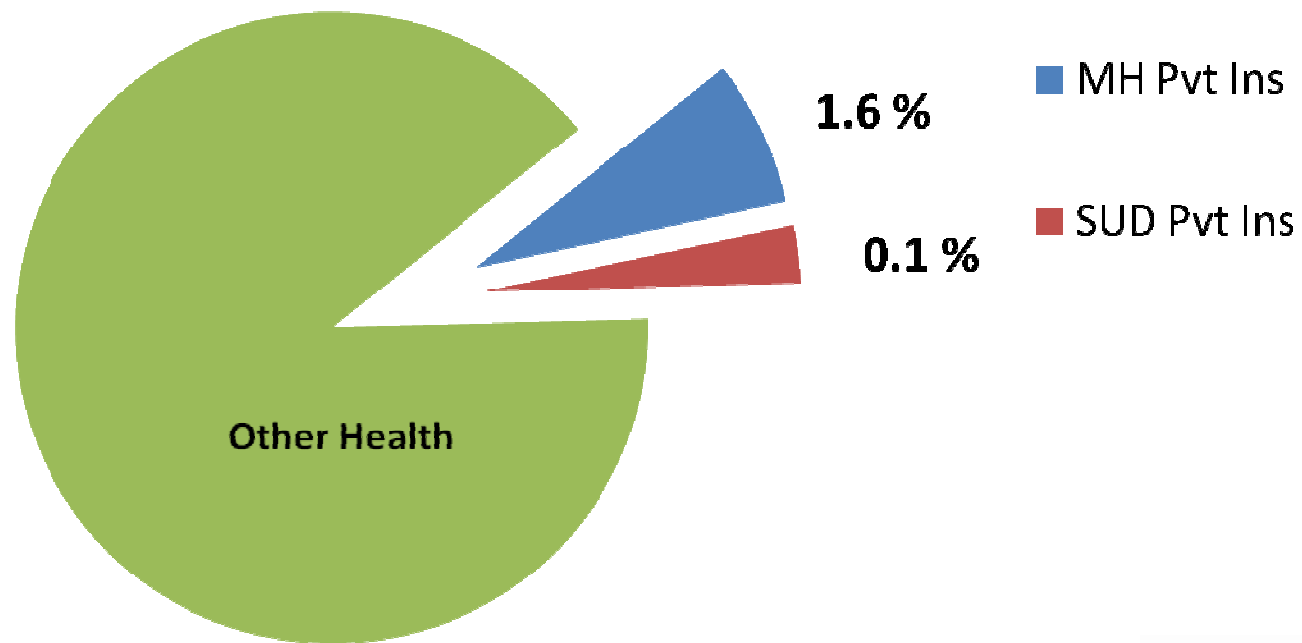
Source: 2008 SAMHSA National Survey on Drug Use and Health, published Sept. 2009



Of all US health spending in 2005, less than 2% came from private insurance spending on MH/SUD treatment

11

All 2005 Health Spending: \$1.85 Trillion



Source: SAMHSA Spending Estimates



In 2007, over half of all spending was from the private sector

12

- In 2007, U.S. health care expenditures totaled more than \$2.2 trillion
- Of the total, **46%**, or more than \$1 trillion, was spent through public programs, and more than \$1.2 trillion, or **54%**, was through private spending
- In 2006, U.S. health care expenditures totaled \$2.1 trillion
- Of that total, nearly **40%** was spent through public programs and **60%** was through private spending
- Private sector cost shifting to the public sector was unsustainable
- Individuals with MH/SUD finally demanded equal access to care!

Parity & Health Care Reform Are Responses to Limited Access to Care

13

- Parity “means” treating MH/SUD conditions like other medical conditions
- The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act (MHPAEA) prohibits plans from imposing financial and treatment limits on MH/SUD benefits not imposed on medical/surgical benefits (i.e. same co-pays and day and visit limits)

Important Provisions in MHPAEA for Providers & Consumers

14

- Testimony on barriers to care led to:
 - Disclosure of medical necessity criteria to participants upon request
 - Disclosure of reason for denials, free of charge
 - Combined deductibles/out-of-pocket
 - Parity in out-of-network benefits
 - Non-quantitative treatment limits (including provider reimbursement rates)
 - Consumer assistance – DOL, HHS, NAIC
 - DOL study on health plan compliance in 2012 and every 2 years thereafter
 - GAO study on trends in coverage, exclusions, impact on enrollees' health – in 2011 and an additional report in 2013



Parity Regulatory Update

15

- ❑ Interim Final Regulations issued on 2/2/10
- ❑ Comments were due by 5/3/10; over 5,000 were filed with the majority supportive
- ❑ Plans supported final bill, opposed regulations

Controversial Issues

16

- Scope of service (may plans provide one service in MH/SUD benefit and full range in medical/surgical benefit and be in compliance with MHPAEA?)
- Non-quantitative treatment limits (NQTLs) – Medical necessity criteria, utilization review, provider authorization may not be applied more restrictively to MH/SUD benefits than to the predominant medical/surgical benefits

Controversial Issues, continued

17

- Predominant and substantially all tests – Plans are arguing their plans are failing these tests especially in outpatient settings due to inability to combine co-pay, co-insurance for purposes of meeting tests
 - (1) is the limitation applied to substantially all medical/surgical benefits (2/3 of benefits);
 - (2) is it the predominant treatment limitation (more than 50%);
and
 - (3) if it is more restrictive in the MH/SUD than the medical/surgical benefit then it fails
- Combined deductibles – Medical/surgical and MH/SUD deductibles must be combined

Parity Set the Stage for Health Reform Affordable Care Act

18

- All 535 Members of Congress were visited on access to SUD & MH care
- Parity fight helped secure MH/SUD benefit in Health Care Reform
- Dramatically different climate than in the 1993-1994 national health care debate
- Immediate access to coverage for those denied on the basis of pre-existing conditions, including SUD/MH



Patrick Kennedy's note at his father's gravesite: "Dad, the unfinished business is done."



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Who Will be Added to the Insurance Rolls?

19

- 32 million expected to gain coverage by 2014
- May include 87,000 new patients with substance use disorders who sought care but did not get it because they lacked insurance or the ability to pay
- May include as many as 2 million new patients with mental illness
- Screening and brief interventions could increase the number of individuals who need SUD treatment but do not seek it; by screening for SUD the number of people seeking treatment for substance use disorders could increase by as many as 20 million and 5.1 million for mental illness

Private Health Insurance Reforms

20

- First 6 to 12 months
 - Prohibits lifetime caps on benefits in group and individual markets
 - Prohibits insurance discrimination based on pre-existing conditions for children
 - Prohibits rescissions
 - Extends coverage to dependent children up to age 26 who are uninsured

Health Insurance Reforms

21

- 2014
 - ▣ Health plans must accept all employers & individuals in state that apply for coverage
 - ▣ Guarantees renewal of coverage
 - ▣ Prohibits discrimination based on pre-existing conditions



Health Insurance Coverage Requirements

22

□ 2014 Continued

□ Requires individuals to maintain essential coverage

■ Penalties for not having coverage

- \$95 or 1% of income in 2014
- \$325 or 2% of income in 2015
- \$695 or 2.5% of income in 2016
- Exceptions for those who cannot afford coverage

□ Employer responsibility

- Employers with more than 200 employees must automatically enroll new full-time employees in coverage
- Employers with 50 or more full-time employees that do not offer coverage and have at least 1 full-time employee receiving the premium assistance tax credit will make a payment of \$2,000 per full-time employee (not including the first 30 workers)



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The Exchange

23

- In 2014, establishes health insurance exchanges
 - Requires MH/SUD as part of the essential benefits package in exchange plans
 - Requires exchange plans to comply with the Wellstone Domenici parity law

Medicaid in Healthcare Reform

24

- Expands Medicaid eligibility to almost everyone up to 133% of Federal Poverty Level (FPL), will extend coverage to a large number of uninsured adults
- All newly-eligible adults to be guaranteed coverage for SUD/MH
- The federal government will pay a very large share of the costs of the expansion

Medicaid Coverage Expansion

25

- Prior to reform, Medicaid offered broad based coverage to children and pregnant women; coverage for parents was more limited and coverage for childless adults generally prohibited
- States can expand to all under 133% FPL now and will be required to by 2014
 - ▣ Early adopters can do so with state plan amendment and will receive current FFP
 - ▣ States can phase in expansion but must use same income eligibility level for all newly-eligibles and expand to lower income groups before higher-income groups
 - ▣ No asset tests and newly-eligible parents can enroll only if their children also have health insurance

Opportunities Related to Medicaid Expansion

26

- Childless adults eligible for the first time
- Large increase in coverage in return for small increase in state funding
- An estimated 16 million previously uninsured individuals will enroll, receive good SUD/MH benefits

Areas of Uncertainty

27

- Essential benefits package
 - MH/SUD is included in the essential benefits package, but what the benefit will actually look like will be determined by regulation
- Parity
 - All plans in the exchange will have to comply with parity, but small group plans outside the exchange would be exempt from the requirement. It's unclear how all plans will react.



Opportunities

28

- ❑ Less cost shifting from the private to public sector
- ❑ Increased payment from commercial insurance
- ❑ Addiction workforce is aging; those who learn to leverage parity and health care reform for organizations go to front of the line
- ❑ Use the SAPT block grant for innovative models packaging treatment and recovery supports for the chronically addicted

29

Thank you