# Mental Health and the Affordable Care Act




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PhRMA
New Medicines. New Hope.

# Mental Health and the Affordable Care Act

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# Objectives

- The current state of mental health in California.
- The challenges communities face when trying to access mental health care services.
- The implementation of the Affordable Care Act and what parity, mental health and substance abuse treatments will included.
- How organizations like yours can help enroll people in plans offered through Covered California and ensure high levels of health care utilization.

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# Chronic Disease

Chronic diseases account for 7 out of 10 deaths in the U.S.

Chronic diseases account for 75% of the nation's health care spending.

Mental health and substance use conditions are America's most chronic illnesses.

Chronic diseases account for 75% of the nation's health care spending.

Chronic diseases account for 7 out of 10 deaths in the U.S.

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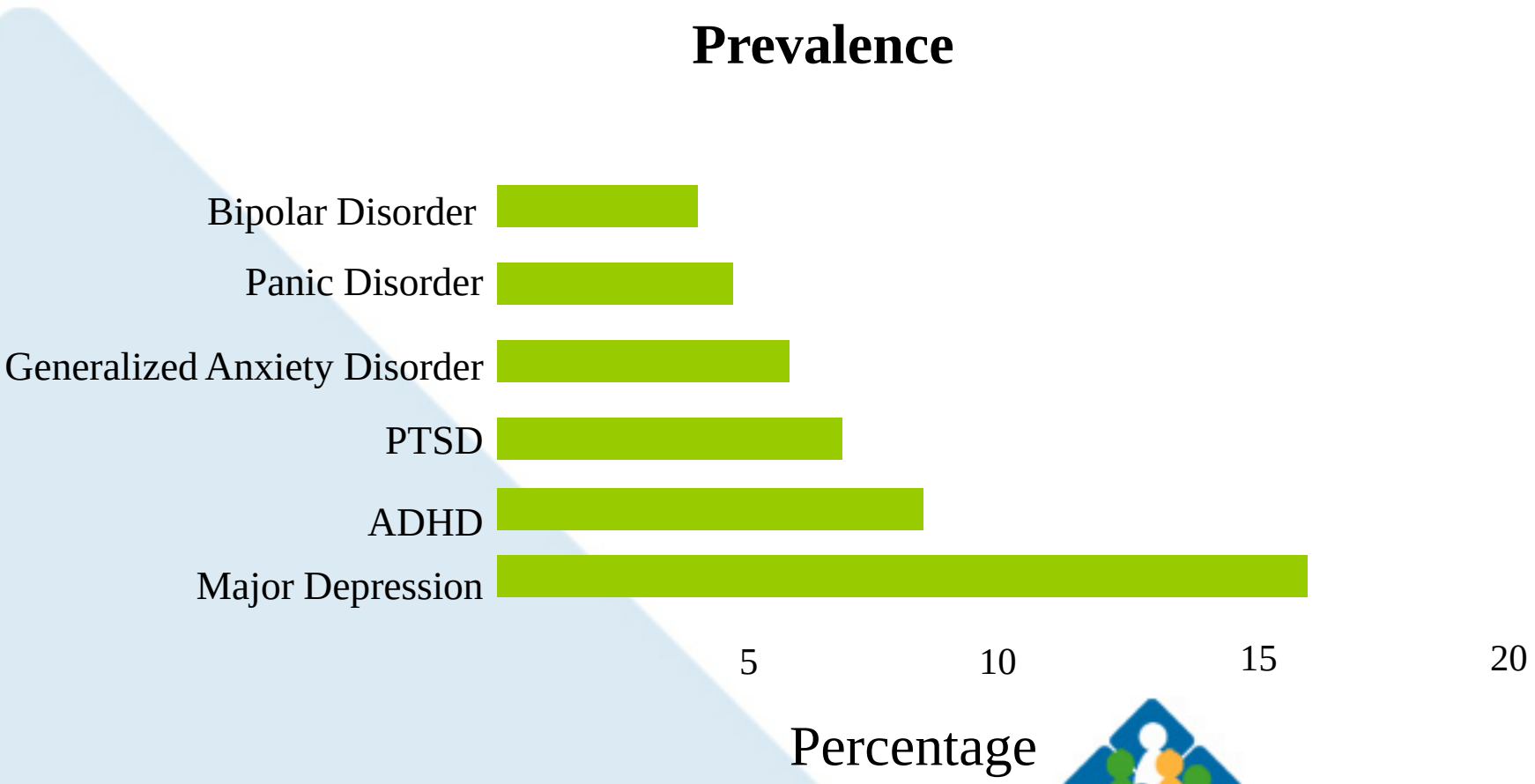
# Lifetime Prevalence

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# Prevalence

Half of all people with a mental health diagnosis first experience it by age 14.

Half of all people with a mental health diagnosis first experience it by age 14.

But won't receive treatment until age 24.

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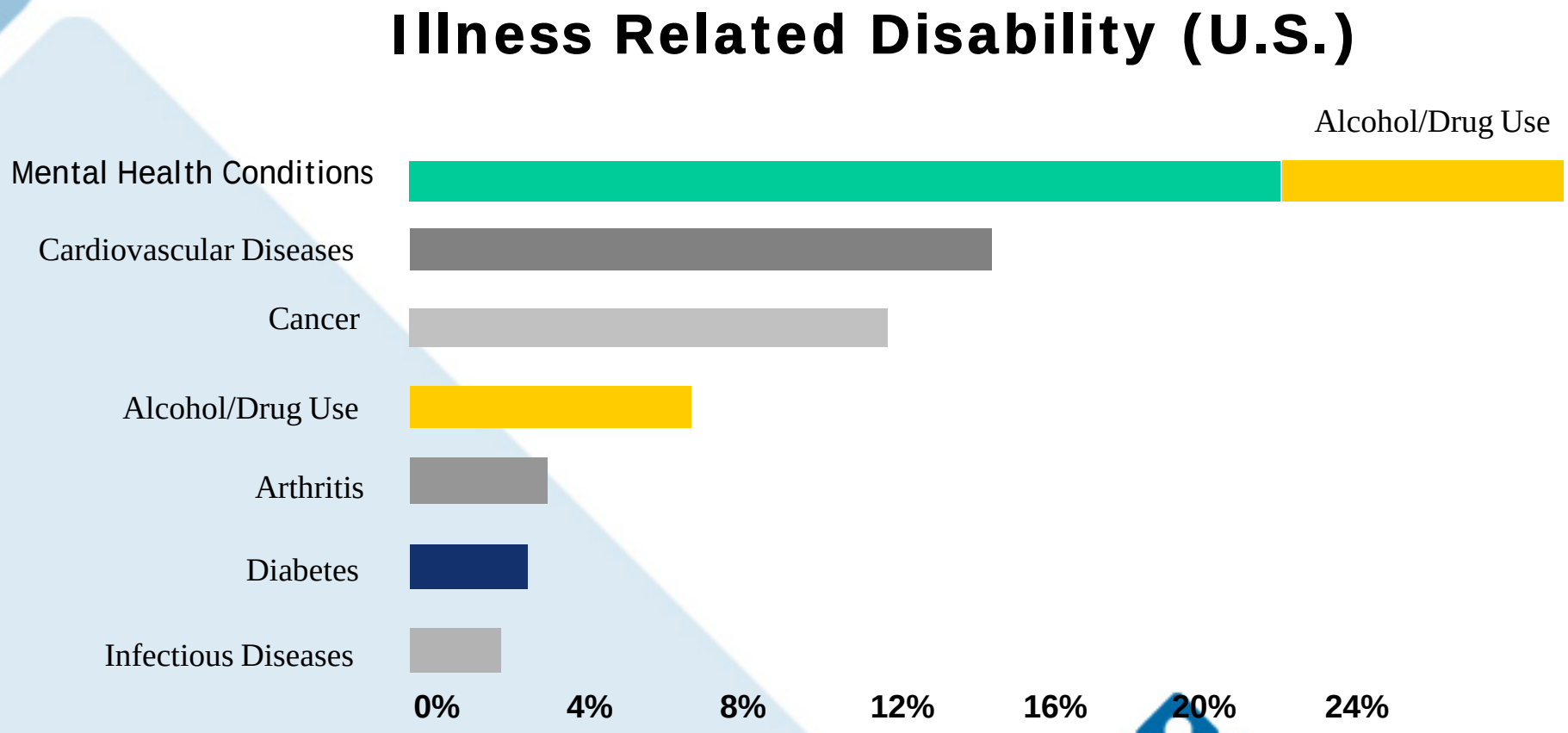
# Disability Impact

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# Counting the Costs

**In 2008, serious mental health conditions were associated with $193.2 billion in lost earnings.**

**Cost more than $600 per person in the country.**

In 2008, serious mental health conditions were associated with $193.2 billion in lost earnings.

That's more than $600 per person.

Cost more than the annual revenue for **every Fortune 500 company** except WalMart.

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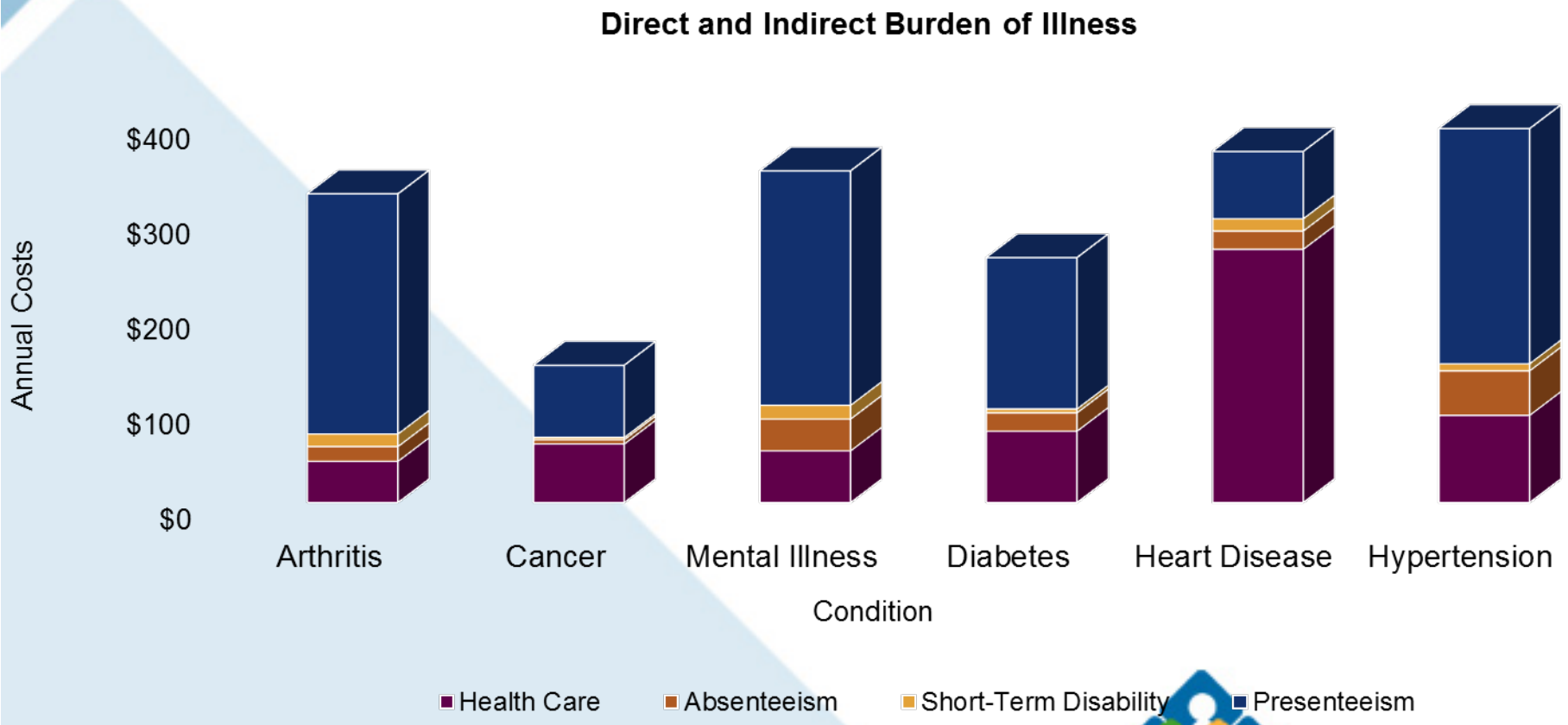
# Direct and Indirect Costs

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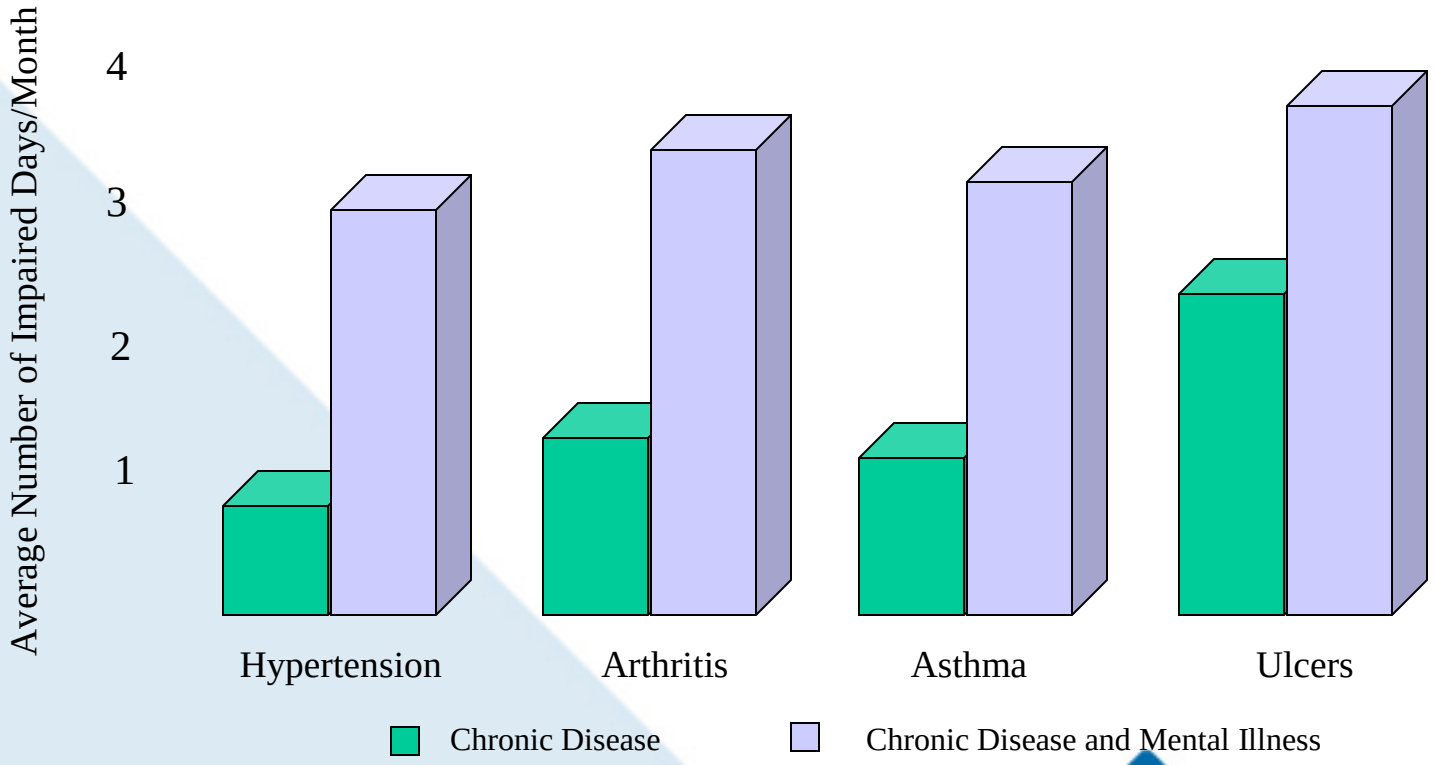
# Mental Illness & Other Chronic Diseases

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# Depression and Other Chronic Diseases

| Condition | Annual Medical Costs per Employee **Without** Depression ($) | Annual Medical Costs per Employee **With** Depression ($) |
|---|---|---|
| Heart failure | 2.56 | 6.74 |
| Allergic rhinitis | 3.27 | 8.46 |
| Asthma | 3.73 | 10.56 |
| Migraine | 3.82 | 15.47 |
| Back pain | 11.61 | 33.25 |
| Diabetes | 13.06 | 27.28 |
| Hypertension | 13.38 | 27.16 |
| Ischemic heart disease | 62.40 | 110.94 |

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# Funding Public Mental Health in California

- Deinstitutionalization and the transfer of responsibility
  - State-run psychiatric hospitals. First opened in Stockton in 1853. By end of 1957, 14 facilities existed with population of 36,319.
- Early 1950 treatments meant new possibilities
  - 1957 Short-Doyle Act. 50% matching state funds. In 1963 increased to 75%.
  - By 1967, about 87% of the state population had access to local Short-Doyle programs.

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# Funding Public Mental Health in California

- In 1968, Lanterman-Petris-Short Act
  - Next step in shifting to community-based care
    - Law: Judicial hearing for involuntary hospitalization. Reduction of commitments.
  - LPS required counties to establish mental health programs. Increased funding from state match to 90%.
- Reagan and state administrations promoted trend to community based care.
  - Closing nine of the 14 hospitals. Between 1957 and 1984, hospital population dropped 84%.
  - Clinical care by counties, funding from state.

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# Funding Public Mental Health in California

- Deinstitutionalization rested largely on the assumption that funds saved from hospital closures would follow the patients into the community.
  - But in 1972 and 1973, Gov. Reagan vetoed two funding provisions. Thus, the pattern of funding diversions and shortfalls.
- At same time, counties had not developed extensive programs and were struggling to cover steadily growing outpatient population.
- Burden on counties was greater than funding from state.

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# Funding Public Mental Health in California

- In 1966, California implemented its Medicaid program, California Medical Assistance Program (Medi-Cal). Movement to community-based mental health care.
  - A small sector of mental health coverage.
  - In 1871 Medi-Cal expanded the types of services covered. Additional changes in 1988 & 1993 broadened range of Short-Doyle Medi-Cal services.

- Significant improvements, Medi-Cal reinforced the piecemeal funding character of mental health services.

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# Funding Public Mental Health in California

- In 1978 Proposition 13 capped property taxes.
  - Programs for which counties spend beyond the 10% match to State funds evaporated.
  - At the State level, drop in revenue led to cuts.
- In 1990, the Realignment Act acted as a aid to slow the bleeding of State funds from these programs. State taxes and vehicle fees took hits during the recessions. (1990's & 2008-10)
- In 2004 Proposition 63: Mental Health Services Act.
  - Fostering new innovation programs
  - Impacted by economy

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# Setting the Stage for Healthcare Reform: Parity

- October 2008 President Bush signed the Paul Wellstone Mental Health Parity and Addiction Equity Act.
  - Requiring group health insurance plans (more than 50 insured employees) to offer coverage for mental illness and substance use disorders.
  - The benefits must be no more restrictive than all other medical and surgical procedures covered by the plan.

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# Healthcare Reform: Affordable Care Act

- In 2010, the federal government enacted the Patient Protection and Affordable Care Act.
  - June 2012, the US Supreme Court upheld the ACA.
  - Starting in 2014, most people will be required to maintain a minimum level of health insurance coverage.
  - ACA mandates that all qualified health plans provide an “essential health benefit” package, which must include MH and SUD services.
  - More about this later ….

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# California's Bridge to Reform – Low Income Health Program

- Federal Government granted California a waiver to Section 1115 of Social Security Act. (Nov. 2010 through Oct. 2015)
  - 52 counties participated
  - $10 billion in federal funds to invest in health delivery system in preparation for ACA.
  - Adults between 19 and 64, incomes above 133% of federal poverty level.
  - Dec. 2013 majority will transition to Medi-Cal under national healthcare reform.
  - The remaining enrollees will become eligible for Covered California (CA- HBEX).

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# California Launches Medi-Cal & Medicare Pilot Program

- Designed to improve health care quality and coordination for those enrolled in both
  - Launch Oct. 2013
  - Disability plus low income
  - 8 counties involved (Los Angeles, Orange, Riverside, San Bernardino, San Diego, Alameda, Santa Clara and San Mateo counties)
  - Duals generate the highest cost – 6% account for 46% of the total spending

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# Healthcare Reform: Affordable Care Act

- Requires people over the age of 18 to have health insurance or pay a penalty starting in 2014.
- As of 2014, about 2.6 million Californians will qualify for financial assistance.
  - And an additional 2.7 million who do not qualify for assistance will benefit from guaranteed coverage through Covered California.
- Health plans announced:
  - Region 17 (San Bernardino & Riverside) Anthem – PPO, HMO / Blue Shield – PPO / Kaiser Permanente – HMO / Health Net – PPO, HMO / Molina Healthcare – PPO (Bridge only)
  - Region 11 (Fresno, Kings & Madera) Anthem – PPO, HMO / Blue Shield – PPO / Kaiser Permanente – HMO
- Rates published last week were lower than expected.
- All health plans must cover a range of services called Essential Health Benefits.
  - Doctor visits, hospitalization, emergency care, maternity care, pediatrics, prescriptions, medical tests, mental health care and others.
  - Plans must cover preventative care services like mammograms and colonoscopies with no out of pocket cost to consumer.

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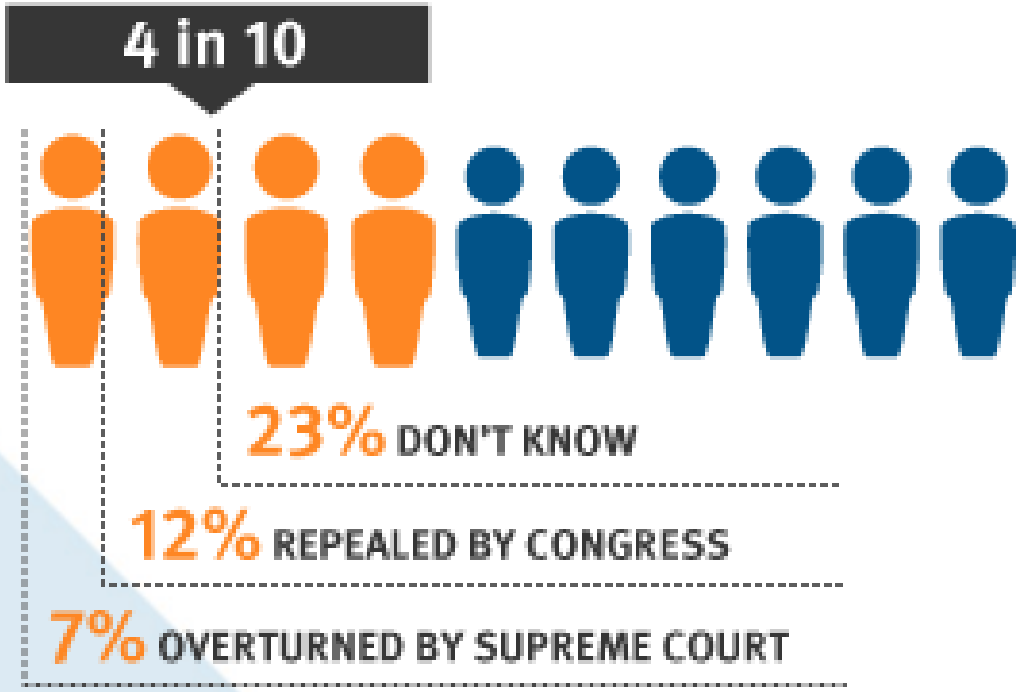
# Six months before open enrollment begins




*AS FAR AS YOU KNOW, WHICH COMES CLOSEST TO DESCRIBING THE CURRENT STATUS OF THE HEALTH CARE LAW?*

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# Fundamental Shift in Expectations

- Realignment said to serve only SMI and SED and only to the extent of resources
- ACA says everyone must have insurance
- Everyone gets parity
- Everyone gets everything medically necessary
- Will we have $$ -- Will we have the staff $$

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# Opportunity to Educate Leaders

- Hold events at your facilities – We need data
- Invite local elected officials in various levels of leadership and other community or MH leaders
- Highlight success/progress
- Feature clients and families
- Identify unmet needs
- Build relationships

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# Need to Educate Legislators

- **Current Situation**
  - Audit of MHSA – expected in July
  - Darrell Steinberg termed out in 2014
  - 40 new Assemblymembers
  - No knowledge base in MH or MHSA
- **Educational Tactics**
  - Describe what you do and who you serve
  - Explain funding and outcomes of services
  - Stats – Community costs from inadequate $$

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# ACA Implementation

- Healthy Families → Medi-Cal – phase started
- Low Income Health Plan → Medi-Cal
- Uninsured → Enroll in Medi-Cal or Exchange

- 13-14 State Budge Implications
  - Increased Federal Funds
  - Decreased county costs for indigent health
  - 1991 Health Realignment Revision
  - Enrollment in current Medi-Cal eligible creates state and county MH/AD costs for match

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# State will Run Medi-Cal

- Seems settled that expansion population will become part of State run Medi-Cal
  - Counties will run Enhanced Behavioral Health Benefit Package (will differ by county)
  - SB 22 (Beall), required parity across the board
- Question is how much money will be transferred from counties and when
- Need to revise Alcohol and Drug Treatment

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# In each county

- Is there a vision?
- Is there a process?
- Is there a plan?

- Local budget transparency
  - Need a process like state budget for counties
  - Date to show preliminary budget
  - Shows estimates of funds from all sources
  - Carry over funds and past year spending
  - Preliminary allocations subject to review
  - Update after stakeholder input and May Revision of expenditures and revenues

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# New Paradigm on the Street

- Police see people with SMI/SA
- Want to refer to counties, but no capacity
- In 2014, Federal $$ will pay for care
- Alternative to MH and Drug courts
- Housing?
- Need local planning process
- Police are key – ACA enrollment navigators?

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# The Future – What Will Change?

- Workforce challenges
- Outcome cost data
- Reduce paperwork, somehow
- Reduce delays in access to care
- Close gaps in system – unserved people
  - Homeless and hospital discharges
  - Arrestees and parolees

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# Putting it all together

***"We can't solve our problems with the same level of thinking which they were created. They must be reformulated in a broader context."***

**- Einstein**

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# Just Checking!

## What's One Important Thing You Have Learned?

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# Questions?

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# Thank You!

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