



The recent decision of the U.S. Supreme Court about the national health care reform law, known as the “Affordable Care Act”, or “ACA”, has important implications for people living with serious mental illness. In June, 2012, the Supreme Court ruled on four separate legal questions that resulted in two major outcomes for people living with mental illness.

The Supreme Court upheld the individual mandate to purchase health insurance.

The ACA requires most uninsured Americans to either purchase health insurance or pay a financial penalty. A majority of the Supreme Court’s Justices, in an opinion drafted by Chief Justice John Roberts, decided that the individual mandate was constitutional. The financial penalty for not purchasing health insurance is considered to be a form of taxation, and Congress is allowed to create new taxes.

What does the individual mandate ruling mean for people living with mental illness?

The individual mandate is important to people living with mental illness because it allows health plans to provide both more affordable coverage and coverage that includes, for most plans, important patient protections.

Without the individual mandate, many experts believe that coverage would cost more and insurance companies would be unable to implement new insurance protections contained in the ACA, including extending coverage to age 26 for dependents on their parents’ insurance, guaranteed coverage (and renewal), a ban on pre-existing condition exclusions and a ban on annual and lifetime limits.

The ACA also requires that qualified health plans offered through health insurance marketplaces, or “exchanges,” provide coverage for mental health and substance use conditions at parity with other health conditions. This means that people living with mental illness in states with limited or no parity protections will finally be able to buy health insurance at the same rates and costs as their other medical care.

The Supreme Court ruled that the federal government cannot withhold Medicaid funding from states that do not expand Medicaid eligibility.

The ACA imposed a significant penalty—the loss of all federal support for a state’s Medicaid program—if the state did not expand its Medicaid programs to cover uninsured individuals under age 65 with household incomes at or below 133 percent of the Federal Poverty Level (FPL).

At the same time, the ACA provides a significant incentive to states—100 percent federal funding for a state’s expanded Medicaid population between 2014 and 2016, gradually reducing to 90 percent federal funding by 2020. This is a far higher level of federal funding than has been available in the existing Medicaid program.

The Supreme Court found the penalty in the ACA to be unconstitutionally coercive because the loss of a state’s federal Medicaid funding would leave states without a reasonable choice.

What does the Medicaid expansion ruling mean for people living with mental illness?

The Medicaid expansion ruling is important to people living with mental illness because it allows states to expand their Medicaid programs with substantial federal funding, and the Medicaid expansion must cover mental health and substance abuse care. It also allows states to decline to expand their Medicaid program, with no penalty.

Currently, adults who are not parents or who have not been found eligible for federal disability benefits (SSI or SSDI) are not eligible for Medicaid in most states, even if they are impoverished and live with a mental illness. Millions of low-income adults who live with mental illness and do not currently qualify for Medicaid—or who are unable or unwilling to go through a disability determination process—will be able to get Medicaid coverage in states that expand their Medicaid programs.

What happens next?

The Supreme Court decision on the ACA allows states and federal agencies to move ahead with implementing the law. The health law contains many benefits for children and adults living with mental illness, including the following:

- **Expanded insurance coverage for people living with serious mental illness and substance use conditions.** Millions of uninsured people will be newly eligible for coverage through state health insurance marketplaces, or “exchanges,” and through expanded Medicaid programs.
- **Mental health and substance abuse coverage at parity.** All health insurance plans available through health insurance marketplaces and expanded Medicaid programs will be required to provide coverage for mental health and substance use disorders at the same rates and costs as coverage for other medical conditions.
- **No more pre-existing condition exclusions or annual limits.** Health insurers will no longer be permitted to deny, limit or exclude coverage of pre-existing medical or mental health conditions or place annual or lifetime limits on coverage for basic health services
- **Optional Medicaid funding for health homes.** The ACA creates a new option in Medicaid to fund “health home” models of care, which coordinate a wide range of health care needs for people living with chronic medical conditions, including serious mental illness. As of August 2012, two states, Missouri and Rhode Island, have already adopted health home programs, and a number of other states are working on plans to operationalize health homes.
- **Funding home and community services in Medicaid.** The ACA significantly expands a Medicaid option to pay for home and community based services for people living with serious mental illness, known as the 1915-i option.
- **Closing the Medicare Donut Hole.** Discounts on brand-name and generic drugs for Medicare Part D beneficiaries who reach the prescription drug coverage gap, known as the “donut hole”, will be progressively increased until the donut hole is eliminated entirely by 2020.

What can you do?

Contact your state and federal elected officials.

Tell them:

- Patient protections and parity mental health coverage in the ACA health law will help America’s children, adults and families who live with mental illness.
- Expanding Medicaid will provide needed mental health coverage for mental health care to low-income adults who live with mental illness, with federal dollars picking up most of the cost.

Learn more

- HealthCare.gov
- [The Health Foundation of Greater Cincinnati](#)
- [Kaiser Family Foundation on Health Reform](#)

Find your officials on NAMI’s Legislative Action Center at www.nami.org/advocacy.