



## YOUNG ADULTS GET NEEDED MENTAL HEALTH SERVICES UNDER OBAMACARE

Thanks to the health care reform law, millions of young adults are now getting access to needed mental health and substance abuse services. An estimated three to six million young adults have gained access to health insurance coverage thanks to a provision of the law already in effect that lets young adults stay on their parent's plan until age 26.<sup>1</sup> A new study released by the Employee Benefit Research Institute (EBRI) found that these newly covered young adults accessed more mental health services than young adults who already had coverage. Additional improvements in the availability and quality of insurance plans starting in 2014 – like the ban on denying coverage to individuals with pre-existing mental health conditions, or the requirement that insurers provide mental health coverage that is comparable to coverage for other medical care – will further ensure that young adults can get mental health care they need.

### Need for Mental Health Services Among Young Adults

Young adults ages 18 to 25 “are adrift in a sea of health risks” – including risks related to mental health and substance abuse.<sup>2</sup> A recent study by Dr. Lawrence Neinstein for the University of Southern California Medical School found that **mental health and substance abuses risks are often more pronounced for 18- to 25-year-olds than for other similar age groups**, such as adolescents or young adults ages 26 to 34:

- Approximately one in five young adults between the ages of 18 and 25 experienced mental disorders last year.<sup>3</sup>
- Young adults have the highest rates of psychological distress and suicidal thoughts and attempts of any nearby age group.<sup>4</sup>
- Suicide due to mental disorders is among the top five causes of mortality among young adults.<sup>5</sup>
- 18-to 25-year olds have the highest rates of past-month binge drinking and tobacco use among surrounding age groups, as well as higher rates of drug use.<sup>6</sup>
- Over 70 percent of young people in juvenile detention facilities have a diagnosable mental health condition.<sup>7</sup>

Yet many of these young adults are not getting the care they need. Two of the biggest obstacles to mental health care for young adults are a lack of insurance and/or insufficient coverage to pay for some or any mental health benefits.<sup>8</sup> Health care reform addresses these substantial barriers to accessing care by expanding and improving insurance coverage of mental health services for millions of previously uninsured or underinsured young adults.

## Early Results of Dependent Coverage Expansion Show Improvement in Access to Mental Health Care

**One provision of health care reform that is already improving mental health coverage for young adults is the extension of dependent coverage until age 26.** Under this provision, young adults can join or stay on their parent or guardian's health plan until age 26, regardless of student, marital, or other status.<sup>9</sup> Previously, insurance companies often removed young people from their parents' policies at age 19 with a possible extension to age 23 for full-time students. The extension of dependent coverage has resulted in an estimated three to six million young adults acquiring health coverage after the provision took effect in 2010.<sup>10</sup> Overall, about 31% of employers are estimated to have enrolled young adult dependents due to this provision.<sup>11</sup>

Early research on the impact of the expansion of dependent coverage demonstrates the promise of health care reform in improving young adult access to needed mental health care. A new study from the Employee Benefit Research Institute (EBRI), which looked at the impact of this provision on one large national employer, found an increase in mental health service use. Specifically:

- Young dependent adults sought mental health and substance abuse services more often than their peers, and more often than seeking other health services, such as for injury or infection.<sup>12</sup>
- 42% of all inpatient claims by young adults after one year of coverage were used for services relating to mental health and substance abuse. This can be compared to a 28% share among other age groups.<sup>13</sup>
- Those newly covered had higher health care spending, as compared to their peers, which was mostly due to hospital inpatient spending.<sup>14</sup>

Although the use of mental health care services by young adults increased, the EBRI study found that **the financial effect of extending coverage to this newly-eligible group was negligible** – a mere 0.2% increase in overall plan spending.<sup>15</sup> Other studies have found that increased access to health care led to a significant reduction in the number of young adults who put off getting care or who did not receive needed health care services due to cost.<sup>16</sup> This kind of prevention and regular treatment can lead to greater savings in the long-run.

## Health Care Reform's Impact on Young Adult Mental Health Coverage

Research on the health care reform law's dependent coverage provision is just one example of the health care reform law's potential to increase access to mental health care for young adults. Here are some other provisions that are already in effect or are going into effect in 2014 that could similarly improve access to mental health services for young adults:

- **Pre-Existing Conditions:** Beginning in 2014, insurers can no longer deny coverage to individuals with pre-existing health or mental health conditions.<sup>17</sup> Previously, insurance plans could refuse or deny coverage to anyone due to a pre-existing condition, or limit the scope of benefits available to the individual. However, the law will prohibit plans from being able to exclude, limit, or deny coverage solely based on a health problem or disability that developed prior to applying for or receiving health insurance.
- **Medicaid Coverage Expansion:** In 2014, health care reform will help states extend Medicaid coverage to all individuals up to 133 percent of the poverty line, if the state chooses to do so.<sup>18</sup> This provision will increase the number of low-income young adults who will be able to receive Medicaid – and, consequently, mental health care. Currently, Medicaid coverage

is generally only available to special low-income groups, e.g. children, pregnant women, individuals with disabilities. Starting in 2014, though, states can receive federal funding to extend Medicaid to all low-income individuals. Presently, funding from Medicaid supports almost half of all publicly-funded mental health services,<sup>19</sup> and many states cover an array of “optional” mental health services in their Medicaid programs that are rarely, if ever, covered by private insurance. Expansion of Medicaid to a broader population will help low-income young adults get coverage and/or access a broader array of mental health services.

- **Mental Health Parity:** In 2008, Congress passed the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act (MHPAEA, or the federal parity law), which requires group health plans and insurers that offer mental health benefits to provide coverage that is comparable to coverage for other medical care.<sup>20</sup> The health care reform law builds on this foundation to extend mental health parity to all Americans. Under the Affordable Care Act (ACA), deductibles, co-pays, and other out-of-pocket expenses for mental health services must be equitable to what individuals pay for other medical treatment. In addition, restrictions on the number of visits, frequency of treatments, and other services provided must be comparable. These federal parity requirements apply to employer-based plans, plans offered through the new online health insurance marketplace, and Medicaid.<sup>21</sup>
- **Increased Coverage Requirements:** The ACA institutes a variety of expanded basic coverage requirements in the mental health field. These include the following:
  - o Plans cannot put lifetime limits OR annual limits on mental health care coverage;
  - o Plans cannot charge more for out-of-network emergency services;
  - o Plans must cover some forms of preventive care, including depression and substance abuse screenings, at no cost to the consumer;
  - o Plans sold on the new online marketplace must cover 10 types of Essential Health Benefits (EHB), including mental health and substance use disorder services, as well as prescription drugs and hospitalization services;
  - o Plans must accept every employer and individual who applies for coverage.<sup>22</sup>

The findings of the EBRI study underscore the profound impact provisions of the health care reform law, like the dependent coverage provision, have on access to mental health care for young adults. Given the early onset of mental health conditions and the need for mental health and substance abuse services among this group, providing coverage to young adults will help to ensure that individuals with mental health needs get identified and treated early, preventing the exacerbation of these conditions and helping to improve overall treatment outcomes and quality of life.<sup>23</sup> Obamacare has had and will continue to have a significant impact in providing that coverage to more young adults.

**End Notes:**

1. See, e.g., Dr. Paul Fronstin, *Mental Health, Substance Abuse, and Pregnancy: Health Spending Following the PPACA Adult-Dependent Mandate* (Washington, DC: Employee Benefit Research Institute, 2013), 1, accessed June 10, 2013, [http://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_04-13.No385.ADM.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_04-13.No385.ADM.pdf); The Commonwealth Fund, “An Estimated 6.6 Million Young Adults Stayed on or Joined Their Parents’ Health Plans in 2011 Who Would Not Have Been Eligible Prior to Passage of the Affordable Care Act,” June 8, 2012, accessed June 27, 2013, <http://www.commonwealthfund.org/News/News-Releases/2012/Jun/Young-Adults-Parents-Health-Plans.aspx>.
2. Lawrence S. Neinstein, MD, *The New Adolescents: An Analysis of Health Conditions, Behaviors, Risks, and Access to Services in the United States compared to California, Among Adolescents (12-17), Emerging Young Adults (18-25) and Young Adults (26-34)* (Los Angeles: University of Southern California, 2013), 1, accessed June 10, 2013, [http://www.usc.edu/student-affairs/Health\\_Center/thenewadolescents/doc/TheNewAdolescents\\_Final\\_Locked.pdf](http://www.usc.edu/student-affairs/Health_Center/thenewadolescents/doc/TheNewAdolescents_Final_Locked.pdf).
3. Substance Abuse and Mental Health Services Administration, *Special Tabulation from the National Survey on Drug Use and Health* (Washington, DC: Center for Behavioral Health Statistics and Quality, 2013), accessed June 20, 2013, [http://www.samhsa.gov/children/SAMHSA\\_Short\\_Report\\_2013.pdf](http://www.samhsa.gov/children/SAMHSA_Short_Report_2013.pdf).
4. Ibid. 6.
5. Ibid.
6. Neinstein, *The New Adolescents*, 4.
7. *FactSheet: Youth with Mental Illness in the Criminal Justice System* (Richmond, VA: National Alliance on Mental Illness, Virginia), accessed June 10, 2013, [http://www.nami.org/Content/Microsites184/NAMI\\_Virginia/Home172/Advocacy\\_Main\\_Page/Fact\\_Sheets3/YouthwithMentalIllnessandCriminalJusticeSystem.pdf](http://www.nami.org/Content/Microsites184/NAMI_Virginia/Home172/Advocacy_Main_Page/Fact_Sheets3/YouthwithMentalIllnessandCriminalJusticeSystem.pdf).
8. *Fact Sheet: Health Reform and Mental Health*, 1 (Richmond, VA: National Alliance on Mental Illness, Virginia), accessed July 1, 2013, [http://www.nami.org/Content/NavigationMenu/Inform\\_Yourself/About\\_Public\\_Policy/Issue\\_Spotlights/NAMI-FactSheet1\\_HealthReformMH.pdf](http://www.nami.org/Content/NavigationMenu/Inform_Yourself/About_Public_Policy/Issue_Spotlights/NAMI-FactSheet1_HealthReformMH.pdf).
9. Fronstin, *Health Spending Following the Adult-Dependent Mandate*, 4; “Young Adult Coverage,” Healthcare.gov, accessed June 27, 2013, <http://www.hhs.gov/healthcare/rights/youngadults/>.
10. See, e.g., Fronstin, *Health Spending Following the Adult-Dependent Mandate*, 1; Commonwealth Fund, “An Estimated 6.6 Million Young Adults Stayed on or Joined Their Parents’ Health Plans.”
11. Fronstin, *Health Spending Following the Adult-Dependent Mandate*, 1.
12. Ibid., 9.
13. Ibid.
14. Ibid.
15. Ibid., 6.
16. “Impact of State Laws that Extend Eligibility for Parents’ Health Insurance Coverage to Young Adults,” *Pediatrics*, February 13, 2012, <http://pediatrics.aappublications.org/content/129/3/426>.
17. “What If I Have A Pre-Existing Condition?” Healthcare.gov, accessed June 27, 2013, <http://www.healthcare.gov/law/features/rights/childrens-pre-existing-conditions/index.html>.
18. *Medicaid Expansion and Mental Health* (Arlington: National Alliance on Mental Illness (NAMI), 2013), accessed June 11, 2013, [http://www.nami.org/Content/NavigationMenu/Inform\\_Yourself/About\\_Public\\_Policy/Issue\\_Spotlights/NAMI-FactSheet3-Medicaid.pdf](http://www.nami.org/Content/NavigationMenu/Inform_Yourself/About_Public_Policy/Issue_Spotlights/NAMI-FactSheet3-Medicaid.pdf). Under a 2012 U.S. Supreme Court decision, each state will decide individually whether to expand Medicaid coverage to this new population. So far, approximately 20 states and the District of Columbia have chosen to do so.
19. *Medicaid Expansion and Mental Health*, NAMI, 1.
20. Kirsten Beronio, et al., *Affordable Care Act Expands Mental Health and Substance Use Disorder Benefits and Federal Parity to Millions of Americans*, (Washington, DC: HHS, 2013), accessed June 25, 2013. [http://aspe.hhs.gov/health/reports/2013/mental/rb\\_mental.cfm](http://aspe.hhs.gov/health/reports/2013/mental/rb_mental.cfm).
21. Final regulations defining the specific scope of parity requirements for mental health and addiction coverage have not yet been released but are expected by the end of 2013.
22. Amanda K. Sarata, *Mental Health Parity and the Patient Protection and Affordable Care Act of 2010* (Washington, DC: Congressional Research Service (CRS), 2011), accessed June 27, 2013, <http://www.ncsl.org/documents/health/MHparity&mandates.pdf>.
23. *How Can Early Treatment of Serious Mental Illness Improve Lives and Save Money?* (Princeton, NJ: Robert Wood Johnson Foundation, 2013), accessed June 27, 2013, [http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2013/rwjf405173](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2013/rwjf405173).