

# The Uninsured: The Impact of Covering Mental Illness and Addictions Disorders

## Issue Brief - June 2007

As states seek to increase the number of Americans with health insurance coverage, policymakers are faced with a number of questions on how to best cover the uninsured. The National Council for Community Behavioral Healthcare urges policymakers to include coverage for mental illness and addictions disorders in their plans to expand coverage and reform their health care systems. Covering mental illness and addictions services makes fiscal sense, especially when benefit packages include prevention and early intervention.

### The Scope of the Problem: Mental Illness in America

According to a recent study conducted by the Center for Disease Control's National Center for Health Statistics, 43.6 million Americans - 14.8 percent of the population – did not have health insurance in 2006. In response to the increasing numbers of the uninsured and the rising costs of health care, policymakers across the country are working to find innovative ways to stretch health care dollars and are testing a variety of approaches to address the health care needs of their residents. Often absent from these plans and discussions, however, is consideration of coverage for mental health and addictions services.

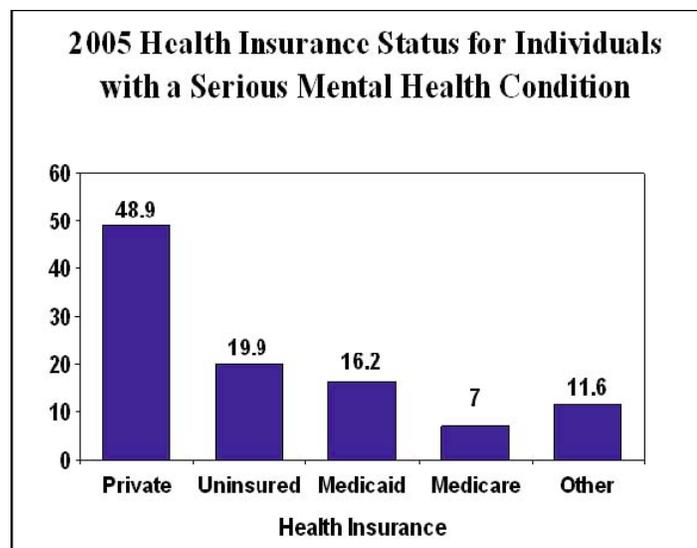
An estimated 26.2 percent of American adults over age 18 – or one in four – has a diagnosable mental disorder, and mental disorders are the leading cause of disability for those aged 15-44 in the U.S. and in Canada. An estimated 22.2 million Americans over age 12 have an addiction to alcohol and drugs. In a recent survey of more than 500 human resources and employee benefits managers from companies of all sizes across a range of business industry sectors, untreated mental health problems were cited as having more effect on lost productivity, increased absenteeism, and other indirect costs in the workplace than any other health issue. Despite the impact mental illness and addictions have on Americans across the country, many still do not have access to the treatment and services they need.

### Mental Illness and the Uninsured

Americans without health insurance face even greater difficulties in obtaining mental health and addictions treatment services. According to the Substance Abuse and Mental Health Services Administration's (SAMHSA) 2005 National Survey on Drug Use and Health, one in five people with a serious mental health condition are uninsured. Without insurance, people with mental illness or addictions disorders are at an increased risk of hospitalization, poor health outcomes, and diminished quality of life. People without insurance are also more likely to rely on more expensive emergency room care.

### Parity: Still Far From Closing the Gap

Since the enactment of the 1996 federal Mental Health Parity Act (PL 104-204), the number of Americans with employer-



Source: SAMHSA, Office of Applied Studies, National Survey on Drug Use and Health, 2005.

sponsored health insurance covered by mental health parity laws has increased dramatically, and nearly all states have enacted legislation to improve coverage of mental health benefits for their residents. Coverage for addictions treatment services has also increased, with one recent study estimating that 88 percent of insured Americans had some addictions treatment coverage in 2006. Unfortunately, exemptions, particularly for self-insured employers, and provisions limiting covered conditions and treatments have weakened the impact of these laws. Mental health and addiction treatment services are often treated differently than other medical-surgical benefits by insurance plans, with provisions limiting the types of disorders covered, implementing higher cost-sharing, and limiting duration of services making it more difficult for individuals to receive needed services and treatments. According to a study recently published in the journal *Health Affairs*, strong parity laws applied to only one-fifth of all Americans with employer-sponsored health insurance when these and other exemptions are taken into account.

### Treatment Works: The Importance of Covering Treatment for Mental Illness and Addictions

Coverage for mental illness and addictions care has the potential to save states money, but access to treatment has an even greater human impact for individuals who have mental illness or are dealing with an addiction.

In the first-ever Surgeon General's report on mental health, published in 1999, mental health is recognized as fundamental to overall health. The report has a single explicit recommendation: all Americans should seek help if they have a mental illness or think they have symptoms of a mental disorder. While a range of treatments exist for most mental disorders and the efficacy of mental health treatment is well documented, concerns about the cost of care are among the primary reasons why people do not seek the mental health care they need.

In *Achieving the Promise: Transforming Mental Health Care in America*, the final report of the President's New Freedom Commission on Mental Health, the importance of early detection of and access to treatment and supports for mental illness is emphasized as a means to impact the lives and health of people with mental illness. Emerging research indicates that early intervention can interrupt the negative course of some mental illnesses and may in some cases lessen long-term disability.

Despite common public perception, addiction is a chronic disease, like diabetes or asthma, and as with other chronic conditions, people with addictions may require multiple courses of treatment and may need to try different medications and therapies before they begin to recover from their addiction. According to a 1996 study published in *The Lancet*, relapse rates for addiction treatment are lower than relapse rates for hypertension and asthma, and people with addiction have much higher rates of compliance with treatment than seen in patients with other chronic conditions. For every additional dollar invested in addictions treatment, taxpayers save at least \$7.46 in costs to society, including the cost of incarceration.

**Access to affordable treatment can help people with mental illness live healthier, fuller lives in their communities and with their families. The National Council encourages state policymakers to include equitable coverage for mental illness and addictions disorders in their plans to expand coverage and reform their health care systems.**

**For a list of sources or other questions, contact Tammy Seltzer at 301-984-6200 x234 or [tammys@nccbh.org](mailto:tammys@nccbh.org)**

#### ***Treatment Works: Jonathan's Story***

When "Jonathan" was diagnosed with schizoaffective disorder, he was captain of the track team, on his school honor roll, and a member of the school orchestra. It was the beginning of a long struggle. But 18 years later, Jonathan has become a crusader, using his own experiences to advocate for and support others with mental illness. As an instructor at The Providence Center, he educates staff and consumers about recovery and helps motivate consumers to move forward in their journey to recovery.

*A true story from The Providence Center, Providence, Rhode Island.*

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*The National Council for Community Behavioral Healthcare is a not-for-profit, 501(c)(3) association of 1,300 behavioral healthcare organizations. Our members offer medical, social, psychological, and rehabilitation services in community settings to help people with mental illnesses and addiction disorders get well and lead productive lives.*