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ACA Repeal Would Jeopardize Treatment for Millions with Substance Use Disorders, Including Opioid Addiction

By Peggy Bailey

Repealing the Affordable Care Act (ACA) could eliminate access to behavioral health treatment for several million people with serious mental illness or substance use disorders (SUDs). The ACA not only enabled millions more people to get health coverage by expanding Medicaid and providing subsidies for coverage in a reformed individual market, but also expanded access to mental health and SUD treatment services for people with Medicaid, marketplace, or employer health insurance. Insurance coverage is vital to treat SUDs, including opioid addiction, and the ACA's reimbursements for SUD treatment have helped address the shortage of providers that offer it.

Health care economists Richard G. Frank and Sherry A. Glied estimate that 1.3 million people with serious mental illness and 2.8 million people with SUDs — including 220,000 people with opioid disorders — could lose health coverage under ACA repeal.[1]

The need for SUD treatment remains high and in some cases, such as for people with opioid addiction, is growing. In 2015, almost 94 million people reported binge drinking, using illicit drugs, or misusing prescription drugs, according to a report by the U.S. Surgeon General.[2] There were a record 47,000 drug overdose deaths in 2014, with 29,000 (61 percent) due to opioid use. Nineteen states[3] in all regions of the country saw a statistically significant increase in drug overdose deaths between 2014 and 2015, according to the Centers for Disease Control and Prevention.[4]

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[1] Richard G. Frank & Sherry A. Glied, "Keep Obamacare to keep progress on treating opioid disorders and mental illness," *The Hill,* January 1, 2017, http://thehill.com/blogs/pundits-blog/healthcare/313672-keep-obamacare-to-keep-progress-on-treating-opioid-disorders.

[2] Department of Health and Human Services, Office of the Surgeon General, "Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health," Executive Summary, November 2016, https://addiction.surgeongeneral.gov/executive-summary.pdf.

[3] Connecticut, Florida, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Maine, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Washington, and West Virginia.

[4] Centers for Disease Control and Prevention, "Drug Overdose Death Data: 2014-2015 Death Increases," https://www.cdc.gov/drugoverdose/data/statedeaths.html.

ACA Spurs Innovation and Integrated Care

Policymakers of both parties now generally agree that substance use disorders are health related and should be treated, along with mental illness, as part of the health care system. Moreover, many people with SUDs also have a mental illness, an acute or chronic health condition, or both, which their addictions either caused or exacerbate. The ACA has in some cases required and in others incentivized the integration of physical, mental, and substance use services. This integration, in turn, has expanded the number of providers offering substance use treatment, making services easier to find.

Coordinating care through networks such as accountable care organizations or Medicaid health homes simplifies how people receive care for everything they need by:

- Reducing need for referrals.
- Improving implementation of new treatments (such as medication-assisted treatment for opioid abuse).
- Expanding the number of providers available to deliver care by allowing hospitals, federally qualified health centers, and private doctors to receive reimbursement for SUD treatment.
- Linking client data across providers to reduce mistakes in diagnosis, conflicting medical advice, and adverse drug interactions.

These networks of multiple professionals and providers are particularly useful in enabling people with the most complex cases to receive complete care and reduce their health care costs.

Several ACA Provisions Improve Treatment for People with SUDs

The ACA, coupled with the 2008 Mental Health Parity and Addition Equity Act (MHPAEA), made huge advances in improving and ensuring treatment for people with SUDs. It:

- **Increased access to insurance** by expanding Medicaid eligibility, allowing young people to stay on their parents' plans up to age 26, and providing financial subsidies to help people afford insurance.
- **Closed gaps in insurance coverage** by eliminating annual and lifetime benefits limits on behavioral health services and ending discrimination based on pre-existing conditions.
- **Made treatment more affordable** by prohibiting higher co-pays for behavioral health services than for physical health services.
- **Recognized that mental health and SUD treatment is as important as physical health conditions** by prohibiting insurance plans from imposing more restrictive caps on the number of behavioral health treatment visits than on similar physical health benefits.

Medicaid Expansion Essential for SUD Coverage

Hundreds of thousands of people with SUDs have gained Medicaid coverage through the ACA's expansion of Medicaid to adults with incomes up to 138 percent of the poverty line. Before the ACA, Medicaid eligibility was largely restricted to children, pregnant women, low-income seniors, and people with disabilities. For Medicaid eligibility, SUD alone does not qualify as a disabling condition, so people with SUDs *also* have to have a mental or physical health condition that rises to the level of a disability in order to qualify for Medicaid due to disability.

ACA Repeal Would Strain State Budgets

The ACA's expansions of Medicaid coverage and access to private coverage have provided critical support for treating SUDs as state and local funding (outside Medicaid) dedicated to SUD treatment has declined. State and local government's share of overall SUD treatment spending fell from 35 percent to 29 percent between 2007 and 2014.[a] ACA repeal would put pressure on states and localities to raise funding for substance use services, likely forcing them to stop paying for non-Medicaid-eligible support services that assist in SUD recovery, such as housing and employment training. And states could no longer afford to test new models of treatment or recovery supports.

ACA repeal would also impede state innovations aimed at using state resources more efficiently. Several states, such as California, Massachusetts, Kentucky, New Jersey, Maryland, New Hampshire, Illinois, and West Virginia, have looked to the federal government for support (particularly through Medicaid) as they expand access to substance use treatment services. These efforts require upfront investment but will eventually reduce overall costs.

For example, Massachusetts recently gained approval through Medicaid to integrate its primary and behavioral health systems by creating accountable care organizations (ACOs). The ACOs coordinate services for people with substance use disorders, including those with an opioid addiction, and will invest in community-based providers to deliver care. Massachusetts needed federal funds to help set up the new program, which the state expects to save money for the overall health system. ACA repeal, however, would reduce the impact of these integration efforts by shrinking the number of people with coverage.

[a] Mark, *et al.*

The Medicaid expansion has had dramatic results for people with SUDs. In states that expanded Medicaid, the share of people with substance use or mental health disorders who were hospitalized but uninsured fell from about 20 percent in 2013 to 5 percent by mid-2015.

The Medicaid expansion has been particularly beneficial in states hit hardest by the opioid epidemic. In West Virginia, the state with the highest drug overdose death rate in 2015, the share of people with substance use or mental health disorders who were hospitalized but uninsured fell from 23 percent in 2013 to 5 percent in 2014.[5]

SUD Treatment Included in Most Coverage

Insurance *eligibility* is only part of the equation — insurance must also include the right benefits so people can obtain needed health care. Before the MHPAEA and ACA, health plans routinely didn't include substance use treatment or had very tight constraints on what they covered and for how long, so the benefits were rarely used. The MHPAEA required most health plans[6] to cover mental and behavioral health conditions at the same level as physical health conditions. The ACA went a

[5] Department of Health and Human Services: Office of the Assistance Secretary for Planning and Evaluation, "Continuing progress on the opioid epidemic: The role of the Affordable Care Act," January 11, 2017, https://aspe.hhs.gov/pdf-report/continuing-progress-opioid-epidemic-role-affordable-care-act.

[6] Some health plans are exempt from the MHPAEA requirements, such as certain self-insured plans (that is, those for which the employer takes the financial risk of providing benefits).

step further, requiring all health plans[7] in the individual and small-group markets to provide a package of "essential health benefits" (EHBs) and including SUD services as EHBs. States and managed care plans have flexibility to design EHB benefit and payment structures, but they must adhere to MHPAEA.[8]

These coverage improvements have already increased insurance payments for SUD services. Nationally, the share of SUD treatment spending paid by private insurance rose from 16 to 18 percent between 2009 and 2014, while the share paid by Medicaid rose from 20 to 21 percent.[9] While these increases are modest, 2014 was just the first year of the ACA's Medicaid expansion; SUD treatments reimbursed through insurance have likely grown since then.

Under ACA, More People Getting Needed Substance Use Treatment

The health insurance payments for SUD services provided under the ACA have allowed providers to expand and new providers to enter the system, expanding access for people seeking treatment. Before the ACA, some SUD providers received Medicaid reimbursement,[10] but many treatment providers relied primarily on short-term federal, state, local and foundation grants to deliver services. This left people with SUDs without a guarantee of care because grant funding does not grow to meet demand. Providing people with insurance coverage and a source of payment for their treatment makes it much likelier that people will get care.

We are beginning to see the results. After expanding Medicaid, Kentucky saw a 700 percent increase in Medicaid beneficiaries using substance use treatment services. Use of these services rose nationally as well; one study found that expanding Medicaid reduced the unmet need for substance use treatment by 18.3 percent.[11]

This trend should be of particular interest in rural states with high SUD-related death rates. Nine of the 15 most rural states (Alabama, Arkansas, Kentucky, New Hampshire, North Dakota, Oklahoma, South Dakota, West Virginia, and Wyoming) rate below the national average in the number of SUD treatment providers.[12]

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[7] Note: the MHPAEA exemptions do not apply to those non-grandfathered plans in the individual and small-group markets that are required by Affordable Care Act regulations to provide EHB.

[8] Dania Palanker, *et al.,* "Repealing the ACA Could Worsen the Opioid Epidemic," Georgetown University Health Policy Institute, Center on Health Insurance Reforms, February 2017, http://chirblog.org/repealing-aca-worsen-opioid-epidemic/.

[9] Tami L. Mark, *et al.*, "Insurance financing increased for mental health conditions but not for substance use disorders," *Health Affairs*, 35(6), June 2016, http://content.healthaffairs.org/content/35/6/958.full.pdf+html.

[10] Jeffrey A. Buck, "The looming expansion and transformation of public substance abuse treatment under the Affordable Care Act," *Health Affairs*, 30(8), August 2011, http://content.healthaffairs.org/content/30/8/1402.full.pdf+html.

[11] Department of Health and Human Services: Office of the Assistance Secretary for Planning and Evaluation, *op cit.*

[12] Christine Vestal, "How Severe is the Shortage of Substance Abuse Specialists?" Pew Charitable Trusts, April 2015, http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2015/4/01/how-severe-is-the-shortage-of-substance-abuse-specialists.

Any ACA Replacement Must Continue Progress in SUD Coverage and Treatment

ACA repeal could undo the gains made in treatment for people with SUDs. Current ACA "replacement" proposals would roll back the law's expansion of health insurance eligibility and affordability and put SUD treatment benefits at risk.[13] Even ahead of repeal, the Department of Health and Human Services (HHS) could weaken SUD services coverage by not enforcing the ACA's EHB requirements, which HHS nominee Tom Price has sharply criticized.[14] As substance use remains a serious problem and opioid death rates are continuing to rise in many communities, policymakers should expand, not reduce, health insurance coverage for people with SUDs.

[13] "GOP False Promises Primer: How Affordable Care Act Replacement Proposals Fall Short," CBPP, January 26, 2017, http://www.cbpp.org/gop-false-promises-primer-how-affordable-care-act-replacement-proposals-fall-short.

[14] Press release, "Price Statement on IOM Report on Essential Health Benefits," http://tomprice.house.gov/press-release/price-statement-iom-report-essential-health-benefits.