



**Fast Facts on Insurance Coverage and
Access to Services for Children with Serious Mental Health Needs**
(June 14, 2004)

I. Mental Health Needs Among Children.

About one of every five American children has a mental disorder.¹ Five to nine percent,² or approximately 3.7-6.6 million children and youth, have serious emotional disturbance.³

II. Insurance Coverage

A. Many children have access to some form of public or private insurance, but many have none.

Adults are more likely to be uninsured than children because public coverage is designed primarily to help low-income children. Twenty percent of non-elderly adults vs. 12% of children are uninsured.⁴

Key Statistics on Insurance Coverage for Americans Under 18*

*** 64.1 million (or 88.3%) are covered by public or private insurance.**

- 49.6 million (or 68.4%) are covered by private insurance
- 16.5 million (or 22.7%) are covered by Medicaid

*** 8.5 million (or 11.7%) are uninsured**

Source: U.S. Census Bureau, 2003 Statistical Abstract of the United States⁵

* Numbers may not total correctly due to rounding.

B. The number of uninsured children has decreased in recent years, as states have expanded public coverage through Medicaid and S-CHIP.⁶

III. Access to Care

A. Most children (particularly in minority communities) don't get the help they need. However, access to public insurance reduces unmet needs.

Among children and adolescents (ages 6 to 17 years) with mental health problems severe enough to indicate a clinical need for mental health evaluation, four of five (79%) did not receive a mental health evaluation or treatment in the past year, according to parent[sic] report in 1997. Children and adolescents of Hispanic ethnicity were more likely than white children and adolescents to have an unmet need for mental health care; children and adolescents covered by public insurance (such as Medicaid) were less likely to have an unmet need than those without health insurance.⁷

B. But even with insurance, children may not be able to access needed services.

Although the majority of children and adolescents have insurance, mental health coverage varies. Limits on coverage under private health insurance, restrictions on eligibility for public health insurance, and state budget shortfalls have affected access to mental health care for children and adolescents.⁸

1. Employer-based coverage is limited.

a. Eighty-seven percent of plans that comply with the 1996 federal law place limits on mental health coverage that they do not place on medical/surgical care.⁹

Compliant Employer Plans Reporting More Restrictive Limits on Mental Health Benefits Than Medical and Surgical Benefits, 1999

* Lower outpatient office visit limits	66%
* Lower hospital day limits	65%
* Higher outpatient office visit co-payments	27%
* Higher outpatient office visit co-insurance	25%

Source: US General Accounting Office, 2000¹⁰

b. Mental health services can be expensive.

Mental health treatment can be very expensive and most families rely upon insurance to help cover the cost of these services. For example, one outpatient therapy session can cost more than \$100, and residential treatment facilities, which provide 24 hours of care, 7 days a week, can cost \$250,000 a year or more.¹¹

c. Private spending on mental health services has declined.

Among people with private insurance, spending for mental health services has not kept up with total health care spending and has dropped substantially for children and adolescents. For example, combined mental health and substance abuse spending dropped from 13.4 percent of total employer-based private insurance spending in 1992 to 6.6 percent in 1999 for children age 0 to 17 (see Figure 3). This decline may be indicative of a trend by private insurers towards decreasing coverage of behavioral health services in general and increased use of prescription drugs to treat disorders.¹²

2. Public coverage does not necessarily mean children can access needed services.

a. Children cannot always access the services they need using S-CHIP

States have also provided health care coverage to some children with family incomes that are too high to qualify for Medicaid through the State Child Health Insurance Program (S-CHIP). All S-CHIP plans cover mental health services, but these are typically inpatient and outpatient services, rather than school-based health services or residential care.¹³

b. Access to services under Medicaid is reduced by non-compliance with the EPSDT mandate.

The Medicaid program has become an important insurer of last resort for those with the most severe problems and fewest resources. Some 20 percent of all mental health care spending is paid for by Medicaid (see Figure 4) ...The Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program requires states to provide Medicaid-eligible children with all necessary medical services, including mental health services. Despite this mandate, many children served by Medicaid are not receiving comprehensive screenings through EPSDT, reducing access to necessary services¹⁴.

c. State budget cuts may further erode access to mental health services.

The recent downturn in state fiscal conditions and rising health care costs have led states to make cuts to the Medicaid budget. Some low-income children may lose health care coverage, and those who continue to be insured may face a reduction in various services, including mental health. Budget cuts may decrease the costs to the Medicaid program initially, but may also result in substantial cost-shifting to other systems, such as state and local mental health, special education, child welfare, and juvenile justice agencies.¹⁵

C. Gaps in services can be disastrous.

1. Limits in coverage can lead to custody relinquishment.

At least 12,700 American families relinquished custody of their children to obtain state funded mental health services for their child. Many families cited gaps in insurance coverage as a major factor in their decisions to relinquish custody.¹⁶

2. Without proper mental health services, children are at risk of a number of negative outcomes.

- a. Without early and effective identification and interventions, childhood disorders can persist and lead to a downward spiral of school failure, poor employment opportunities, and poverty in adulthood.¹⁷
- b. Untreated mental illness may also increase a child's risk of coming into contact with the juvenile justice system—66% of boys and almost 75% of girls in juvenile detention have at least one mental disorder, according to one study.¹⁸
- c. Children with mental disorders, particularly depression, are at a higher risk for suicide. An estimated 90% of children who commit suicide have a mental disorder, according to the Surgeon General.¹⁹

¹ U.S. Department of Health and Human Services. 1999. Mental Health: A Report of the Surgeon General. Washington, DC: Author. Retrieved February 26, 2004, from http://www.surgeongeneral.gov/Library/MentalHealth/chapter2/sec2_1.html.

² President's New Freedom Commission on Mental Health. Achieving the Promise: Transforming Mental Health Care in America. July 2003, retrieved online 4/7/04 at <http://www.mentalhealthcommission.gov/reports/reports.htm>

³ U.S. Census Bureau, Population Division. Annual Estimates of the Resident Population by Selected Age Groups for the United States and States: July 1, 2003 and April 1, 2000. 2004. Estimates are based on data retrieved 4/7/04 online at <http://eire.census.gov/popest/data/states/tables/ST-EST2003-01res.pdf>

The Census Bureau estimates the total U.S. adult (18 and over) population at approximately 217.8 million and the total child and youth population (0-17) at approximately 73 million. <http://eire.census.gov/popest/data/states/tables/ST-EST2003-01res.pdf>

⁴ The Kaiser Commission on Medicaid and the Uninsured. "Health Insurance Coverage in America: 2002 Data Update" December 2003. Retrieved April 27, 2004 online at <http://www.kff.org/uninsured/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=29340> (Page 4)

⁵ U.S. Census Bureau. "Statistical Abstract of the United States: 2003" Chart No.152. Health Insurance Coverage Status by Selected Characteristics: 1990 to 2001. Retrieved online April 27, 2004 at <http://www.census.gov/prod/2004pubs/03statab/health.pdf> (Page 14)

⁶ The Kaiser Commission on Medicaid and the Uninsured. 2003.

⁷ Leatherman and McCarthy, *Quality of Health Care for Children and Adolescents: A Chartbook*, 2004. The Commonwealth Fund. Citing the report “Urban Institute/Child Trends, 1997 National Survey of America’s Families,” as reported by Kataoka et al. (2002). Retrieved online April 28, 2004 at http://www.cmf.org/programs/child/leatherman_pedchartbook_700.pdf (Page 62)

⁸ Georgetown Center on an Aging Society. “Issue Brief: Child and Adolescent Mental Health Services” October 2003. Retrieved online at <http://ihcrp.georgetown.edu/agingsociety/pubhtml/mentalhealth/mentalhealth.html>

⁹ US General Accounting Office. “MENTAL HEALTH PARITY ACT: Despite New Federal Standards, Mental Health Benefits Remain Limited”. May 2000 GAO/HEHS-00-95. Retrieved online April 27, 2004 at <http://www.gao.gov/new.items/he00095.pdf> (Page 12)

¹⁰ Ibid.

¹¹ U.S. General Accounting Office. (2003) *Child Welfare and Juvenile Justice: Federal Agencies Could Play a Stronger Role in Helping States Reduce the Number of Children Placed Solely to Obtain Mental Health Services*. Report GAO-03-397. Available: <http://www.gao.gov/new.items/d03397.pdf> (Page 10)

¹² Georgetown Center on an Aging Society. 2003. Statistics are cited from the following article: Mark, T.L., Coffey, R.M. 2003. What drove private health insurance spending on mental health and substance abuse care, 1992-1999? *Health Affairs* 22(1), 165-172.

¹³ Georgetown Center on an Aging Society. 2003.

¹⁴ Ibid. Citing the following report: U.S. General Accounting Office. 2001. *Medicaid: Stronger efforts needed to ensure children's access to health screening services*. Washington, DC: Author. Retrieved by the Georgetown Center on an Aging Society July 3, 2003 from <http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPAddress=162.140.64.21&filename=d01749.pdf&directory=/diskb/wais/data/gao>

¹⁵ Ibid.

¹⁶ U.S. General Accounting Office. (2003) Available: <http://www.gao.gov/new.items/d03397.pdf> (Page 20)

¹⁷ President’s New Freedom Commission on Mental Health. 2003

¹⁸ President’s New Freedom Commission on Mental Health. 2003. *Final Report to the President*. Washington, DC: Author. Retrieved February 26, 2004, from <http://www.mentalhealthcommission.gov/reports/FinalReport/FullReport-03.htm>

¹⁹ U.S. Department of Health and Human Services. 1999. *Mental Health: A Report of the Surgeon General*. Washington, DC: Author.