

The Basics

Medicare's Mental Health Benefits

Mental health care is not a discrete benefit under Medicare, but beneficiaries receive coverage for a broad range of mental health services through Parts A, B, C, and D. (For a general overview of the Medicare program, refer to "The Basics: Medicare" at www.nhpf.org/pdfs_basics/Basics_Medicare.pdf.)

KEY COVERAGE POLICIES

Medicare imposes a variety of special coverage provisions on mental health services that do not apply to similar services for physical illnesses.

Hospital and Inpatient Services

Medicare limits lifetime treatment in freestanding Inpatient Psychiatric Facilities to 190 days. Stays in general hospitals (in specialty units or scatter beds) for psychiatric diagnoses are not subject to the 190-day limit. This lifetime psychiatric limit was intended to limit the federal government's role in paying for long-term custodial support of the mentally ill. In 2005, Medicare began paying freestanding psychiatric facilities and psychiatric units in general hospitals under the Inpatient Psychiatric Facility Prospective Payment System (IPF-PPS), which provides a prospective, per diem payment that varies on the basis of the patient's condition.

Outpatient Services

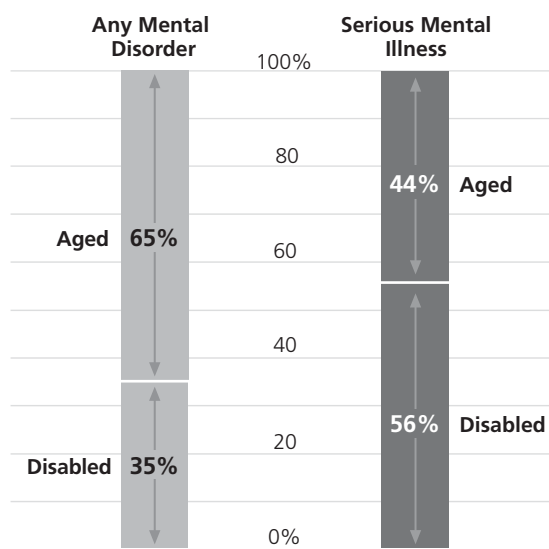
Mental health provider services, diagnostic testing, and brief office visits to monitor the efficacy of prescribed medications are subject to the standard 20 percent co-insurance under Medicare. Medicare's "outpatient mental health limitation" sets a special 50 percent co-insurance rate for psychotherapy services (including individual, family, and group psychotherapy; therapeutic activity; and patient education services). Reimbursement rates and coverage policies differ among types of mental health providers. Independent mental health providers eligible for direct payment from Medicare include physicians, psychologists, social workers, psychiatric nurse specialists, and nurse practitioners with the equivalent of a master's degree in psychotherapy. Some providers, such as licensed professional clinical counselors and marriage and family therapists, can deliver services to Medicare beneficiaries, but the services must be billed under the supervision of a physician or other Part B-approved "independent practitioner," such as a clinical psychologist, on an "incident to" basis.

Psychotropic Drugs

Medicare began covering psychotropic and other outpatient prescription drugs with the implementation of Part D in January 2006. Coverage is provided through private, stand-alone prescription drug plans or drug plans offered by Medicare Advantage managed care plans. A number of protections were implemented to ensure access to prescription drugs for those dually eligible for Medicare and Medicaid, and for other beneficiaries with mental illness. Some types of psychotropic drugs (such as anti-dementia medications) are not in a protected class, and benzodiazepines (tranquilizing agents) are statutorily excluded from coverage due to controversy about their use in the elderly.


PREVALENCE OF MENTAL DISORDERS

Medicare beneficiaries are as likely to experience mental health problems as the general adult population, with about one quarter having some type of mental disorder. However, overall prevalence rates among Medicare beneficiaries obscure important differences in the burden of disease across Medicare eligibility categories. Approximately 37 percent of beneficiaries eligible for Medicare due to a disability have a severe mental disorder, in comparison to only 4 percent of beneficiaries who are eligible due to age. Yet most Medicare beneficiaries with mild to moderate mental disorders—and many Medicare beneficiaries with severe mental disorders—are over the age of 65, because the aged population accounts for more than 85 percent of Medicare beneficiaries.



Source: Based on disease prevalence rates cited in figure 3 of “Medicare and Mental Health: The Fundamentals,” National Health Policy Forum, November 30, 2006.

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The National Health Policy Forum is a nonpartisan research and public policy organization at The George Washington University. All of its publications since 1998 are available online at www.nhpf.org.

For more information:

- Christopher Loftis and Eileen Salinsky, “Medicare and Mental Health: The Fundamentals,” National Health Policy Forum, Background Paper, November 27, 2006; available at www.nhpf.org/pdfs_bp/BP_Mcare&MentalHlth_11-27-06.pdf
- Henry J. Kaiser Family Foundation (KFF), *Medicare Chartbook* (Menlo Park, CA: Henry J. Kaiser Family Foundation, 3rd ed., Summer 2005); available at www.kff.org/medicare/upload/Medicare-Chart-Book-3rd-Edition-Summer-2005-Report.pdf

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