MACPAC

Medicaid and CHIP Payment and Access Commission

# Medicaid's Role in Behavioral Health: Background and Policy Issues

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# Organization of Chapter

- Evolution of Behavioral Health Treatment
- Need for and Use of Behavioral Health Services
- Covered Behavioral Health Services
- Payment and Delivery Systems
- Interaction of Medicaid and Other Behavioral Health Funders
- Policy Issues for Consideration

# Evolution of Behavioral Health Treatment in the Medicaid Program

- Better drugs and treatments
- Move to more home and community based services, less institutional care
- Move towards more self-directed care

# Medicaid Beneficiaries Need for and Use of Behavioral Health Services: Prevalence

- Almost one-third (31 percent) of Medicaid enrollees age 18-64 had any type of mental illness, compared to 17 percent of privately insured and 21 percent of uninsured persons in that age group.
- Ten percent of Medicaid enrollees age 18-64 had serious mental illness, compared to 3 percent of privately insured and 5 percent of uninsured nonelderly adults.
- About 8 percent of both Medicaid and uninsured nonelderly adults had drug or alcohol abuse in the past year, compared to 4 percent of privately insured nonelderly adults.

# Medicaid Beneficiaries Need for and Use of Behavioral Health Services: Use of Services

- In 2011, about one-fifth (13 million Medicaid enrollees) were identified as having a paid service with a behavioral health diagnosis.
- Almost half of disabled children, 42% of foster care children and 41% of disabled adults age 21-64 were identified as using any service for a behavioral health diagnosis.
- Forty percent of elderly enrollees dually eligible for Medicare and Medicaid used a Medicaid service which had a behavioral health diagnosis.

# Medicaid Beneficiaries Need for and Use of Behavioral Health Services: Expenditures

- People with behavioral health diagnoses in 2011 had total expenditures of almost $170 billion, accounting for almost half of all Medicaid spending.

- Foster children receiving behavioral health services in 2011 accounted for 42 percent of all foster children, but 77 percent of all expenditures for foster children. Their per enrollee total costs are more than twice as high as those of non-disabled children ($11,203 vs. $4,552).

- Disabled adults who received behavioral health services age 18-64 accounted for 41 percent of disabled adults, but 58 percent of total expenditures for that group.

# Covered Behavioral Health Services

- Mandatory Medicaid services include medically necessary physician, inpatient (except for stays in institutions for mental disease for some age groups) and outpatient services

- Optional services include:
  - prescribed medicines (which all states currently offer)
  - targeted case management
  - rehabilitation services
  - therapies
  - medication management
  - clinic services
  - licensed clinical social work services
  - peer supports
  - substance abuse treatment
  - stays in institutions for mental disease for persons age 65 and over and children under age 21

- Services can also be provided under waiver and demonstration authorities

- Far fewer substance abuse services are covered than mental health services

# Medicaid Payment and Delivery Systems for Behavioral Health

- States vary considerably in how they pay for and organize behavioral health services

- Behavioral health is often paid separately, or differently, from other services

- Commonly used delivery systems include:
  - Primary care case management programs
  - Contracting with behavioral health organizations
  - Health Homes
  - Other initiatives to coordinate and integrate behavioral health and other services

# Interaction of Medicaid and Other Behavioral Health Funders

- Many other organizations provide behavioral health treatment:
  - State and local mental health authorities
  - Health Resources and Services Administration
  - Substance Abuse and Mental Health Services Administration
  - Department of Education
  - Criminal justice system

- Programs may have different eligibility and other regulations; sometimes these are conflicting, making navigation difficult for an already vulnerable population.

# Behavioral Health Policy Issues:
## How does the current benefit design for behavioral health services affect access to needed services?

- Are there barriers to access to needed behavioral health services? If so, what are these barriers?
- Who provides behavioral health services to Medicaid enrollees? Is provider supply sufficient, and if not, what is being done to try to increase it?
- What steps have states already undertaken to address access to needed care?
- What policies (e.g., coverage of specific services or delivery system design) should be undertaken to ensure that affected enrollees receive needed care?

# Behavioral Health Policy Issues:
## Are current payment and delivery system policies reaching the right results?

- What is the best way to control cost growth while still ensuring appropriate use of effective medications for the Medicaid population overall and for specific groups of enrollees (e.g., foster children or disabled enrollees)?

- Are there promising initiatives to control behavioral health costs overall?

- How can the quality of behavioral health care be improved?

# Behavioral Health Policy Issues:
## What can be done to facilitate the transition to more integrated behavioral health, medical, and social services?

- What are the advantages and disadvantages of carving services in and out of the medical care system?

- What are states doing to integrate behavioral health and medical services? How is this affecting cost, access, and outcomes?

# Behavioral Health Policy Issues:
## How can behavioral health agency oversight and funding sources be better aligned?

- How can Medicaid and the criminal justice system, the substance abuse treatment system, and other key funders and providers of services be better coordinated?

- What are promising models of agency and organizational collaboration?

- How can behavioral health and other data be shared across funders and organizations?

# Behavioral Health Policy Issues:
## Should the need for the IMD exclusion be reexamined?

- How does the IMD exclusion affect the provision of:
  - **appropriate inpatient services?**
  - **use of long-term services and supports?**
  - **Use of substance abuse treatments?**
- How does the IMD exclusion interact with the mental health parity legislation?
- How does the IMD exclusion interact with the EPSDT program?
- How does the IMD exclusion affect waiver programs?
- How does the IMD exclusion interact with disproportionate share payments to psychiatric hospitals?

# Behavioral Health Policy Issues:

## Does expansion to the new adult group raise special issues related to the delivery of behavioral health services?

- How many new enrollees have behavioral health disorders, and what are their needs?
- Will the new enrollees strain behavioral health resources?
- What are Medicaid expansion states doing to address any provider supply shortages associated with the expansion?