NHeLP
NATIONAL HEALTH LAW PROGRAM

# Protect Medicaid Funding
# Substance and Opioid Use Disorders
### Issue #10

Medicaid provides a long-term investment in health that helps people succeed. It increases the diagnosis and early treatment of chronic conditions, enhances educational achievement and future earnings for covered children, and reduces health care disparities.[1] Medicaid coverage is tailored to the unique needs of low-income individuals and families but still costs less per enrollee than employer-based insurance.[2] Despite Medicaid's proven success and efficient use of funds, opponents repeatedly seek to cut or cap funding for the program. These proposals seriously jeopardize the health and financial security of the 97 million people who benefit from Medicaid each year.[3] Medicaid's core consumer protections make the program work for enrolled populations, including children, parents, pregnant women, low-income workers, older adults, and people with disabilities. This fact sheet explains why Medicaid is so critical to preventing and treating substance use disorders (SUD) and examines how these efforts would be harmed by Medicaid funding caps.

***Why Medicaid is important for people with and at risk for SUD:***

- **Medicaid plays an important role in preventing SUD.** Early interventions to identify and prevent SUD save money and lives.[4] Access to timely, evidence-based health services can prevent SUD by ensuring that problems are identified and treated early, reducing the need for opioid therapy. Under Medicaid's EPSDT benefit, individuals under age 21 enrolled in Medicaid must be provided with periodic mental health assessments and substance use screening.[5] In many cases, these screenings, which are instrumental in identifying individuals at risk of SUD and connecting them with appropriate medical and behavioral interventions, are also covered for adults.[6]

- **Medicaid is the largest source of health insurance coverage for individuals with SUD.** The number of Americans lost to overdose is at record levels.[7] Reducing the number of these preventable deaths requires ensuring that people with SUD have access to evidence-based treatment, including medication assisted treatment (MAT). Medicaid is the single largest source of coverage for behavioral health services, including SUD treatment.[8] While SUD affects people at many income levels, it may be particularly prevalent among low-income Americans.[9] Of the 20.2 million adults in the U.S. with a SUD,[10] 23% are covered by Medicaid, including 1.2 million who have recently gained coverage in states that adopted the Medicaid expansion.[11] In Ohio,

almost 500,000 individuals (over 50% of all newly insured Ohioans) have received SUD services under the Medicaid expansion.[12]

- **Medicaid provides comprehensive coverage of SUD treatment and overdose prevention services.** Medicaid coverage of mental health and substance abuse services is generally more comprehensive than private plan coverage.[13] All 50 state Medicaid programs cover at least one FDA-approved medication to treat SUD, and 30 states, including 20 Medicaid expansion states, offer coverage of all three FDA-approved medications.[14] The Medicaid expansion has also led to an increase in the availability of SUD treatment providers, including a significant increase in physicians holding a waiver to prescribe buprenorphine.[15]

***How Medicaid funding caps will harm Americans with and at risk for SUD:***

- **Funding caps would limit access to prevention and treatment of SUD.** Medicaid is a major source of funding for SUD services.[16] Capping Medicaid's federal funding would severely impact SUD prevention and treatment services, with much of the impact falling disproportionately on individuals in states hardest hit by the overdose epidemic. For example, Kentucky, Ohio, and West Virginia have some of the highest rates of SUD in the country,[17] and have all expanded Medicaid, which now covers over 20% of the population in each of those states.[18]

- **Funding caps would lead states to impose onerous requirements for beneficiaries to access SUD services.** To reduce Medicaid spending, states would likely impose burdensome restrictions on beneficiaries' access to SUD prevention and treatment, including prior authorization and quantity limits for MAT coverage.[19] Loss of preventive care would likely also lead to higher SUD incidence. Taken together, this loss of funding for SUD prevention and treatment services will result in higher health care costs and preventable suffering, injury, and death.

- **Funding caps would reduce the effectiveness of the parity requirement.** Under the ACA's mental health parity requirement, Medicaid programs are generally prohibited from imposing financial requirements and treatment limitations on SUD treatment benefits that are more restrictive than those on medical and surgical benefits.[20] This requirement is expected to improve access to SUD services for over 20 million Medicaid beneficiaries. However, since the rule only prohibits Medicaid programs from imposing limitations on SUD services that are more onerous than limitations on medical and surgical benefits, if coverage of medical and surgical benefits is reduced, states will also be free to reduce the array of SUD services currently covered.

The National Health Law Program will publish an in-depth issue brief in early 2017 with detailed information regarding the vital importance of Medicaid to preventing and treating substance use disorder.

## ENDNOTES

[1] Harvey W. Kaufman et al., *Surge in Newly Identified Diabetes among Medicaid Patients in 2015 within Medicaid Expansion States under the Affordable Care Act*, 38 DIABETES CARE 833 (2015) (Medicaid coverage improves diabetes screening and treatment initiation); David W. Brown et al., NAT'L BUREAU OF ECON. RESEARCH, *Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?* 20 (2015), http://www.nber.org/papers/w20835 (Medicaid improves long-term outcomes for children); Thomas C. Buchmeuller et al., *Effect of the Affordable Care Act on Racial and Ethnic Disparities in Health Insurance Coverage* 106 AM. J. PUB. HEALTH 1416, 1420 (2016) (Medicaid expansion reduced health care disparities).

[2] Teresa Coughlin et al., KAISER COMM'N ON MEDICAID & THE UNINSURED, *What Difference Does Medicaid Make?* 4, 7 (2013), http://kaiserfamilyfoundation.files.wordpress.com/2013/05/8440-what-difference-does-medicaid-make2.pdf (Employer-based coverage would cost 28% more than covering the same low-income individual with Medicaid).

[3] CONG. BUDGET OFFICE, Detail of Spending and Enrollment for Medicaid for CBO's March 2016 Baseline (2016), https://www.cbo.gov/sites/default/files/51301-2016-03-Medicaid.pdf. Though 97 million individuals enrolled in Medicaid over the course of 2015, the average monthly enrollment was 76 million. *Id*. This underscores the importance of Medicaid as a source of coverage for individuals who temporarily lose coverage, such as individuals between jobs.

[4] SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMIN., Prevention of substance abuse and mental illness. (2016, August 9). Retrieved December 19, 2016, from https://www.samhsa.gov/prevention.

[5] CENTERS FOR MEDICARE AND MEDICAID SERVICES, Early and periodic screening, diagnostic, and treatment. Retrieved December 19, 2016, from https://www.medicaid.gov/medicaid/benefits/epsdt/index.html.

[6] CENTERS FOR MEDICARE AND MEDICAID SERVICES, Behavioral Health Services. Retrieved December 19, 2016, from https://www.medicaid.gov/medicaid/benefits/bhs/index.html. Under the Affordable Care Act, Medicaid must cover a wide range of preventive medical services for all beneficiaries. Because the mental health parity rule requires plans to offer SUD benefits that are no more restrictive than medical and surgical benefits, Medicaid programs are expected to significantly improve access to SUD screening and preventive services for their adult enrollees as well.

[7] In 2015, 33,091 opioid-related overdose deaths were reported, more than any year in record and a significant increase from the28,647 deaths reported in 2014. Overdose deaths involving prescription opioids increased from 16,941 in 2014 to 17,536 in 2015. Rose A. Rudd et al., *Increase in Drug and Opioid-Involved Overdose Deaths – United States, 2010-2015*, CDC Morbidity and Mortality Weekly Report (Dec. 2016).

[8] Bachrach, D., Boozang, P., & Lipson, M. (2016, July). *Medicaid: States' Most Powerful Tool to Combat the Opioid Crisis*. Retrieved from http://statenetwork.org/wp-content/uploads/2016/07/State-Network-Manatt-Medicaid-States-Most-Powerful-Tool-to-Combat-the-Opioid-Crisis-July-2016.pdf.

[9] Jones C.M., Logan J., Gladden M.R., Bohm, M.K. (2015) *Vital Signs: Demographic and Substance Use Trends Among Heroin Users – United States, 2002-2013.* MORB. MORT. WEEKLY REPORT 64(26); 719-725 (Average annual rates of past-year heroin use highest among individuals with household income below $20,000/year).

[10] SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMIN., Mental and substance use disorders. (2016, March 8). Retrieved December 19, 2016, from https://www.samhsa.gov/disorders.

[11] Ali, M. M., Mutter, R., & Teich, J. L. (2015, November). *State Participation in the Medicaid Expansion Provision of the Affordable Care Act: Implications for uninsured individuals with a behavioral health condition*. Retrieved from https://www.samhsa.gov/data/sites/default/files/report_2073/ShortReport-2073.pdf. See also Busch, S. H., Meara, E., Huskamp, H. A., & Barry, C. L. (2013). *Characteristics of Adults With Substance Use Disorders Expected to Be Eligible for Medicaid Under the ACA*. PSYCHIATRIC SERVICES, *64*(6), 520–526. Many more individuals with SUD could be eligible for Medicaid, as it is estimated that at least 1.1 million more adults with SUD would gain access to health insurance if the remaining states expanded Medicaid.

[12] Candisky, C., & Johnson, A. (2016, July 17). Medicaid expansion covers nearly 500, 000 Ohioans for mental health, drug treatment. *The Columbus Dispatch*. Retrieved from http://www.dispatch.com/content/stories/local/2016/07/17/medicaid-expansion-covers-nearly-500000-for-mental-health-drug-treatment.html.

[13] Cannon, K., Burton, J., & Musumeci, M. (2015, June 11). Adult behavioral health benefits in Medicaid and the marketplace. Retrieved December 19, 2016, from http://kff.org/medicaid/report/adult-behavioral-health-benefits-in-medicaid-and-the-marketplace/.

[14] Grogan, C. M., Andrews, C., Abraham, A., Humphreys, K., Pollack, H. A., Smith, B. T., & Friedmann, P. D. (2016). *Survey highlights differences in Medicaid coverage for substance use treatment and Opioid use disorder medications*. HEALTH AFFAIRS, *35*(12), 2289–2296. doi:10.1377/hlthaff.2016.0623. The three FDA-approved SUD medications are buprenorphine, methadone, and naltrexone. A large number of states also cover naloxone, a medication that reverses opioid-related overdose. For information on naloxone coverage see Seiler, N., Horton, K., & Malcarney, M.-B. (2014, October). *Medicaid Reimbursement for Take-home Naloxone: A Toolkit for Advocates*. Retrieved from http://prescribetoprevent.org/wp2015/wp-content/uploads/naloxone_medicaid_report_gwu.pdf.

[15] Relatedly, with many more people seeking treatment for SUD, the Medicaid expansion may greatly increase job opportunities for substance use professionals. Recent studies have concluded that the Medicaid expansion will lead to a projected growth in the substance use workforce of almost 30% in the next five years. Spetz, J., Lee, P. R., Lucia, L., & Jacobs, K. (2012). *The Impact of the Affordable Care Act on New Jobs*. Retrieved from https://healthforce.ucsf.edu/sites/healthforce.ucsf.edu/files/publication-pdf/Spetz_Lee_Final.pdf.

[16] State Medicaid programs are highly dependent on federal funding to cover the costs of SUD prevention and treatment services. For example, of the 31 state Medicaid programs that cover methadone maintenance treatment, only three reported that methadone treatment is funded only through the Substance Abuse Prevention and Treatment (SAPT) Block Grant and/or state or county funds. The remaining 28 states did not report using state or grant funding to cover SUD services. Rinaldo, S. G., & Rinaldo, D. W. (2013, June). *State Medicaid Coverage and Authorization Requirements for Opioid Dependence Medications*. Retrieved from http://www.asam.org/docs/default-source/advocacy/aaam_implications-for-opioid-addiction-treatment_final.

[17] Ingraham, C. (2016, December 13). Where opiates killed the most people in 2015. *Washington Post*. Retrieved from https://www.washingtonpost.com/news/wonk/wp/2016/12/13/where-opiates-killed-the-most-people-in-2015/?utm_term=.d9283bcab30d.

[18] KAISER FAMILY FOUNDATION, Health insurance coverage of the total population. (2016). Retrieved December 19, 2016, from http://kff.org/other/state-indicator/total-population/?currentTimeframe=0.

[19] CMS has worked to remove barriers for beneficiaries to access inpatient SUD treatment. For example, the agency has proposed to provide states with funding to cover up to 15 days of inpatient rehabilitation services through their Medicaid programs. Allen, B. (2016, January 6). Medicaid may soon pay for some inpatient addiction treatment. *NPR*. Retrieved from http://www.npr.org/sections/health-shots/2016/01/06/459226490/medicaid-may-soon-pay-for-some-inpatient-addiction-treatment. Similarly, President-Elect Donald Trump has also vowed to "dramatically expand access to treatment

slots and end Medicaid policies that obstruct inpatient treatment." *Donald Trump Outlines Plan to End the Opioid Epidemic in America*. 2016. Retrieved December 22, 2016, from https://www.donaldjtrump.com/press-releases/donald-j.-trump-remarks-in-portsmouth-nh.

[20] CENTERS FOR MEDICARE AND MEDICAID SERVICES, CMS finalizes mental health and substance use disorder parity rule for Medicaid and CHIP. (2016, March 29). Retrieved December 19, 2016, from https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2016-Press-releases-items/2016-03-29.html; Edwards, E. (2014, January). *Mental Health Parity and Addiction Equity Act of 2008 Final Regulations and Federal Guidance*. National Health Law Program.