



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

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Introduction

Medicaid helps people live healthier and more economically secure lives. It increases the diagnosis and early treatment of chronic conditions, enhances educational achievement and future earnings for covered children, reduces health care inequities, and provides comprehensive, high-quality, and cost-effective care.¹ Medicaid coverage is tailored to the unique needs of individuals and families with low incomes but still costs less per beneficiary than private insurance.² Medicaid's core beneficiary protections make the program work for enrolled populations, including children, parents, pregnant people, low-income workers, older adults, and people with disabilities. Despite Medicaid's proven success and efficient use of funds, detractors repeatedly seek to cut or cap funding for the program. These proposals seriously jeopardize the health and financial security of the 91.8 million people who benefit from Medicaid and CHIP.³

This fact sheet explains why Medicaid is critical to preventing and treating substance use disorders (SUD), including opioid use disorders (OUD), 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-based therapy down the road. Under Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit, individuals under age twenty-one enrolled in Medicaid must be provided with periodic mental health assessments and substance use screenings.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 medications for opioid use disorders (MOUD). 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 Americans with low incomes.⁹ Of the 34.7 million adults in the U.S. with a SUD, twenty-one percent are covered by Medicaid, many of whom qualify for Medicaid based on disability or through Medicaid expansion.¹⁰

Medicaid provides comprehensive coverage of SUD treatment and overdose prevention services. Medicaid coverage of mental health and SUD services is generally more comprehensive than private coverage.¹¹ Pursuant to federal law, Medicaid programs in all states and territories cover all three FDA-approved medications for OUD.¹² While this requirement is time-limited, most states are likely to maintain coverage levels that far exceed those offered by private plans. Medicaid expansion has also led to an increase in the availability of SUD treatment providers, particularly in rural and underserved areas that have been particularly affected by the overdose epidemic.¹³

How Medicaid Funding Caps will Harm People with and at Risk for SUD

Funding caps would limit access to prevention and treatment of SUD. Medicaid is the largest source of funding for SUD services.¹⁴ 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, Maine, New Mexico, Ohio, and West Virginia have some of the highest rates of SUD in the country and have all significantly benefited from Medicaid expansion, with the program covering over nineteen percent of the population in each of those states.¹⁵

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 MOUD coverage. Loss of preventive care would also likely 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.¹⁶ However, if coverage of medical and surgical benefits is reduced, states will also be free to reduce the array of SUD services currently covered.

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), <https://diabetesjournals.org/care/article/38/5/833/> (Medicaid coverage improves diabetes screening and treatment initiation); Owen Thompson, *The Long-Term Health Impacts of Medicaid and CHIP*, 51 J. HEALTH ECON. 26 (2017), <https://www.sciencedirect.com/science/article/abs/pii/S0167629616305136?via%3Dihub>; Sarah Miller & Laura R. Wherry, *The Long-Term Effects of Early Life Medicaid Coverage*, 54 J. HUMAN RES. 785-824 (2019), <http://jhr.uwpress.org/content/54/3/785> (Medicaid improves long-term outcomes for children); Thomas C. Buchmueller 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), <https://ajph.aphapublications.org/doi/pdf/10.2105/AJPH.2016.303155> (Medicaid expansion reduced health care disparities); Robin Rudowitz et al., Kaiser Fam. Found., *10 Things to Know about Medicaid: Setting the Facts Straight* (March 6, 2019), <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-setting-the-facts-straight/>; Hannah Katch, Ctr. on Budget & Pol’y Priorities, *Medicaid Works: Millions Benefit from Medicaid’s Effective, Efficient Coverage* (June 2, 2017), <https://www.cbpp.org/research/health/medicaid-works-millions-benefit-from-medicaid-effective-efficient-coverage>.
- ² Hannah Katch et al., Ctr. on Budget & Pol’y Priorities, *Frequently Asked Questions About Medicaid* (Nov. 22, 2019), <https://www.cbpp.org/research/health/frequently-asked-questions-about-medicaid> (Private insurance costs twenty-two percent more than covering the same low-income individual with Medicaid).
- ³ CMS, November 2022 Medicaid & CHIP Enrollment Data Highlights (Feb. 28, 2023), <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>.
- ⁴ SAMHSA, Prevention of Substance Use and Mental Disorders, <https://www.samhsa.gov/find-help/prevention>.
- ⁵ CMS, Early and Periodic Screening, Diagnostic, and Treatment, <https://www.medicaid.gov/medicaid/benefits/early-and-periodic-screening-diagnostic-and-treatment/index.html>.
- ⁶ CMS, Behavioral Health Services, <https://www.medicaid.gov/medicaid/benefits/behavioral-health-services/index.html>. Under the Affordable Care Act, Medicaid must cover a wide range of preventive medical services for all beneficiaries, including screening for unhealthy drug use.
- ⁷ In 2021, 107,622 drug overdose deaths were reported in the United States, more than any year in record and a nearly fifteen percent increase from the 93,655 deaths reported in 2020. Overdose deaths involving opioids increased from 70,029 in 2020 to 80,816 in 2021. Ctrs. for

Disease Control & Prevention, Nat'l Ctr. for Health Statistics, *U.S. Overdose Deaths in 2021 Increased Half as Much as in 2020—But are Still Up 15%* (May 11, 2022), https://www.cdc.gov/nchs/pressroom/nchs_press_releases/2022/202205.htm.

⁸ CMS, *supra* note 6. See also Heather Saunders, Kaiser Fam. Found., *A Look at Substance Use Disorders (SUD) Among Medicaid Enrollees* (Feb. 17, 2023), <https://www.kff.org/medicaid/issue-brief/a-look-at-substance-use-disorders-sud-among-medicicaid-enrollees/>.

⁹ Sean F. Altekruze et al., *Socioeconomic Risk Factors for Fatal Opioid Overdoses in the United States: Findings from the Mortality Disparities in American Communities Study (MDAC)*, 15 PLoS ONE 1 (2020), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6968850/> (People who lived in poverty were more likely to die of opioid overdose compared to people living in households at least five times above the poverty line); Christopher M. Jones et al., *Vital Signs: Demographic and Substance Use Trends Among Heroin Users—United States, 2002-2013*, 64 MORB. MORT. WEEKLY REPORT 26, 719-725 (2015), <https://www.cdc.gov/mmwr/preview/mmwrhtml/mm6426a3.htm> (Average annual rates of past-year heroin use highest among individuals with household income below \$20,000/year).

¹⁰ Heather Saunders & Robin Rudowitz, Kaiser Fam. Found. *Demographics and Health Insurance Coverage of Nonelderly Adults with Mental Illness and Substance Use Disorders in 2020* (June 6, 2022), <https://www.kff.org/medicaid/issue-brief/demographics-and-health-insurance-coverage-of-nonelderly-adults-with-mental-illness-and-substance-use-disorders-in-2020/>; Heather Saunders, *supra* note 8.

¹¹ Julia Zur et al., Kaiser Fam. Found., *Medicaid's Role in Financing Behavioral Health Services for Low-Income Individuals* (June 29, 2017), <https://www.kff.org/medicaid/issue-brief/medicaids-role-in-financing-behavioral-health-services-for-low-income-individuals/>.

¹² 42 U.S.C. § 1396d(a)(28).

¹³ See Maria X. Sanmartin et al., *Trends in Buprenorphine-Waivered Providers in Medicaid Expansion and Non-Expansion States by Their Public Listing Status*, 43 SUBSTANCE ABUSE 1072 (2022), <https://www.tandfonline.com/doi/abs/10.1080/08897077.2022.2060428>. While the elimination of the requirement for providers to obtain a waiver to prescribe buprenorphine in the Consolidated Appropriations Act of 2023 will lead to increased treatment availability in all states, this study shows that expansion states already have the infrastructure in place to enable providers to engage in SUD treatment.

¹⁴ Gov't Accountability Office, *Medicaid: States' Changes to Payment Rates for Substance Use Disorder Services* (Jan. 30, 2022), <https://www.gao.gov/products/gao-20-260>.

¹⁵ Ctrs. for Disease Control & Prevention, *Drug Overdose Mortality by State: 2020*, https://www.cdc.gov/nchs/pressroom/sosmap/drug_poisoning_mortality/drug_poisoning.htm; Kaiser Fam. Found., *Health Insurance Coverage of the Total Population*, <https://www.kff.org/other/state-indicator/total-population/>.

¹⁶ CMS, Parity, <https://www.medicaid.gov/medicaid/benefits/behavioral-health-services/parity/index.html>; Elizabeth Edwards & Abbi Coursolle, Nat'l Health Law Prog., *Fact Sheet: Mental Health Parity Compliance in Medicaid* (Jan. 31, 2018), <https://healthlaw.org/resource/fact-sheet-mental-health-parity-compliance-in-medicaid/>.