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 more than 80 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. While the number of Americans lost to overdose recently decreased for the first time since 2018, it is still at unacceptable 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 is particularly prevalent among low-income populations.[9] Of the 34.7 million adults in the U.S. with a SUD, 21% 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 are required to cover all three FDA-approved medications for OUD, as well as the overdose-reversal medication, naloxone.[12] While there are still substantial state-level differences in access due to variation in covered services, workforce, and infrastructure, the evidence shows that Medicaid expansion has 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 or at Risk of SUD

Funding caps would limit access to prevention and treatment of SUD. Given Medicaid's role as the largest source of funding for SUD services, 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 19% of the population in each of those states.[14]

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, which are still allowed under federal law. 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 and higher costs in the form of health expenses and lost productivity.[15]

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. While new regulations will improve enforcement of parity requirements in Medicaid, states are still generally allowed to cut or reduce mental health and SUD benefits as long as those limitations are not more restrictive than those imposed on medical and surgical benefits. Facing funding cuts, states will likely seek to sidestep parity requirements by eliminating coverage of certain behavioral health services altogether.

ENDNOTES

[1] Robin Rudowitz et al., Kaiser Fam. Found., *10 Things to Know about Medicaid* (Jun.

30,2023), https://www.kff.org/mental-health/issue-brief/10-things-to-know-about-medicaid/;MACPAC, *Access in Brief: Children's Experience in Accessing Medical Care* (Nov. 2021), https://www.macpac.gov/wp-content/uploads/2016/06/Access-in-Brief-Childrens-Experiences-in-Accessing-Medical-Care.pdf.

[2] Heidi Allen et al., *Comparison of Utilization, Costs and Quality of Medicaid vs. Subsidized Private Health Insurance for Low-Income Adults*, 4 JAMA Network Open (2021), https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2774583 (". . .overall health care spending was more than 80% higher among Marketplace-eligible adults than among Medicaid-eligible adults. This difference was no longer significant when claims were adjusted to Medicaid prices, indicating that the cost differences were driven by higher prices for the same services in the Marketplace compared with Medicaid."). *See also* Ark. Ctr. for Health Improvement, *Arkansas Health Care Independence Program ("Private Option") Section 1115 Demonstration waiver Interim Report* (Jun. 16, 2016), https://achi.net/wp-content/uploads/2018/10/Arkansas-Health-Care-Independence-Program-Section-1115-Demonstration-Waiver-Interim-Report-June-2016.pdf (noting a 78.3% difference between the commercial and Medicaid per patient per month payments).

[3] CMS, *May 2024 Medicaid & CHIP Enrollment Data Highlights* (Aug. 30, 2024) 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 2023, 107,543 drug overdose deaths were reported in the United States, a decrease of 3% from estimated deaths in 2022. Overdose death involving opioids decreased from 84,181 in 2022 to 81,083 in 2023. While overdose deaths from synthetic opioids decreased in 2023 compared to 2022, cocaine and psychostimulants increased. Ctrs. for Disease Control & Prevention, Nat'l Ctr. for Health Statistics, *U.S. Overdose Deaths Decrease in 2023, First Time since 2018* (May 15, 2024), https://www.cdc.gov/nchs/pressroom/nchs_press_releases/2024/20240515.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-medicaid-enrollees/.

[9] Ctrs. For Disease Control & Prevention, *Vital Signs: Drug Overdose Deaths Rise, Disparities Widen: Differences Grew by Race, Ethnicity and Other Factors* (July 19, 2022), https://www.cdc.gov/vitalsigns/overdose-death-disparities/index.html; Sean F. Altekruse 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).
[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/; *See also* Heather Saunders, Kaiser Fam. Found., *SUD Treatment in Medicaid: Variation by Service Type, Demographics, States and Spending* (Mar. 28, 2024). https://www.kff.org/mental-health/issue-brief/sud-treatment-in-medicaid-variation-by-service-type-demographics-states-and-spending/.
[12] 42 U.S.C. § 1396d(a)(29).
[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. [13] Heather Saunders, *supra* note 11.
[14] Ctrs. for Disease Control & Prevention, *Drug Overdose Mortality by State: 2022*, https://www.cdc.gov/nchs/pressroom/sosmap/drug_poisoning_mortality/drug_poisoning.htm; Kaiser Fam. Found., Health Insurance Coverage of the Total Population: 2022, https://www.kff.org/other/state-indicator/total-population/.
[15] Curtis Florence, Feijun Luo, & Ketra Rice, *The economic burden of opioid use disorder and fatal opioid overdose in the United States*, 2017, 218 DRUG & ALCOHOL DEPENDENCE 108350 (2021) https://pubmed.ncbi.nlm.nih.gov/33121867/.
[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/.