



Medicaid Cuts Will Worsen Behavioral Healthcare Access and Delivery

The Issue: Cuts to Medicaid Would Worsen Access for Behavioral Healthcare and Addiction Treatment

The 119th Congress is considering multiple and significant cuts to the Medicaid program. These cuts would directly or indirectly limit access to behavioral healthcare services for current beneficiaries in states that must reduce the size of their Medicaid programs due to some combination of these cuts.

Three Medicaid cost-saving vehicles lawmakers are considering include the reduction of provider taxes, state-directed payments, capping expansion, and mandating work requirements. These and most of the other Medicaid cuts on the table ultimately would reduce the number of eligible enrollees, require the elimination or reduction of benefits, and likely cut payment rates for providers.

Background

Medicaid Coverage of Behavioral Healthcare Services

Medicaid covers generally covers these services, with some variation across states:

-  Inpatient and Outpatient Care
-  Medication Management Crisis Intervention
-  Rehabilitation of skills required for independence
-  Partial Hospitalization with intensive outpatient care
-  Substance Use Disorder Services
-  Psychotropic medications Psychosocial and recovery support services
-  Children's Early and Periodic Screening, Diagnostic and Treatment
-  Home and Community-Based Services

What Are Medicaid Provider Taxes?

Forty-nine states use provider taxes to fund their portion of the state-federal mix of Medicaid payments, in combination with other sources. The scope of providers impacted by taxes, including hospitals, nursing homes, and other settings, varies by state. Under federal law, provider taxes are allowed up to 6% of a provider's net patient revenue.

Currently, Congress is considering possible provider tax cuts ranging from \$48 billion to \$630 billion over 10 years. For proponents of these cuts, states are "gaming the system" when they collect provider tax revenue to trigger a federal Medicaid match.

What Is Medicaid State-directed Payments?

State-directed payments (SDP), most of which require approval by the Centers for Medicare and Medicaid Services, stipulate how Medicaid managed care organizations can make specified expenditures under their



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How Medicaid Expansion Has Benefited Patients Receiving Behavioral Healthcare

Around 1 million people receive medication treatment for opioid use disorder through Medicaid, and over 60% access this treatment through Medicaid expansion. Forty states and Washington, D.C. have adopted Medicaid expansion since 2014. According to the report, since the beginning of Medicaid expansion, the number of uninsured individuals ages 0 to 64 dropped by nearly 20 million people. A handful of states will automatically terminate Medicaid expansion should federal funding fall below a certain threshold. At least 110,000 people could lose access to medication treatment for opioid use disorder should funding for Medicaid expansion be cut for these so-called trigger states alone.

What Work Requirements Could Mean for People in Treatment

People with behavioral health conditions face substantial barriers to obtaining and sustaining employment. For some people, symptoms directly interfere with their ability to complete work tasks, while others are involved in treatment programs that preclude them from working. Meanwhile, in severe cases, behavioral health conditions lead to cognitive impairment and challenging life circumstances (e.g., homelessness), which make it extremely difficult to engage in a treatment program or work.

Due to their behavioral health conditions, some Medicaid beneficiaries would be unable to satisfy a work requirement, which could result in a loss of coverage. Among Medicaid beneficiaries with substance use disorders, for example, researchers estimate that over 4.5 million could be disenrolled. However, with treatment and recovery supports, there is significant potential for them to participate in the workforce.



LEGISLATIVE REQUEST

We urge Members of Congress to oppose any new limits on states' use of provider taxes. Even small adjustments would result in negative consequences for beneficiaries who need care, as well as the overall healthcare system.

We urge Members of Congress to oppose any reduction in state-directed payments, as doing so would reduce provider payments and, ultimately, Medicaid enrollment.

We urge Members of Congress to include work-requirement exemptions for people with behavioral health conditions to ensure access to medically necessary behavioral healthcare services, and support Americans on their pathway to employment.