

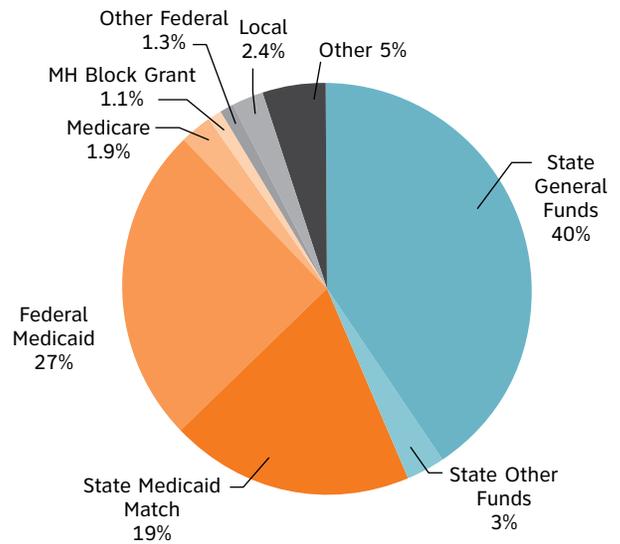
Medicaid and Mental Health

Medicaid is a joint federal/state public health insurance program that pays medical costs over 60 million low-income Americans. Medicaid pays for nearly half of all public mental health care and typically covers a broad array of community-based services. Access to health coverage through Medicaid has been shown to improve health and well-being and reduce financial strain.¹

Who Can Get Medicaid?

Medicaid eligibility varies by state, but is generally limited to low-income women and children who receive Temporary Assistance for Needy Families (TANF), frail elders and people with disabilities who receive Supplemental Security Income (SSI). Some states choose to cover additional populations, so some states cover single adults below a designated income level.

Beginning in 2014 the Patient Protection and Affordable Care Act (ACA) allows states to expand Medicaid to cover uninsured people under the age of 65 with incomes between zero and 138 percent of the federal poverty level (FPL)ⁱⁱ expanding access to care for millions of Americans who live with mental illness.



State Mental Health Authority (SMHA) - Controlled Revenues for Mental Health, FY 2008¹

What Services Are Covered?

Certain services are mandated by federal Medicaid law such as doctors, outpatient treatment and children's Early and Periodic Screening, Diagnosis and Treatment (EPSDT). Medicaid also gives states the option to cover an array of vital mental health services such as case management, prescription drugs, psychosocial rehabilitation and peer support. With a few exceptions Medicaid does not cover inpatient care for non-elderly adults (ages 22-64) in free-standing psychiatric hospitals (known as Institutions for Mental Disease, or IMD).

Mandatory Medicaid Services

- Physician services
- Laboratory and x-ray services
- Inpatient hospital services
- Outpatient hospital services
- Early and periodic screening, diagnostic, and treatment (EPSDT) for children under 21
- Family planning
- Rural and federally-qualified health center (FQHC) services
- Nurse midwife services
- Nursing facility (NF) services for individuals 21 or over

Optional Services

- Prescription drugs
- Clinic services
- Dental services, dentures
- Physical therapy and rehab services
- Prosthetic devices, eyeglasses
- Primary care case management
- Intermediate care facilities for the mentally retarded (ICF/MR) services
- Inpatient psychiatric care for patients under 21
- Home health care services
- Personal care services
- Hospice services

¹ Lutterman, T (Oct, 2010) NRI Reports on State Mental Health Systems
www.nasmhpd.org/meetings/presentations/Commissioner2010/NRI%20Reports%20October%202010%20NASMHPD%20Commissioners%20Meeting.pdf

How Will Medicaid Benefits Change in 2014?

For people who qualify for Medicaid based on disability, benefits will remain the same except that all Medicaid managed care plans must provide fair and equal coverage for mental health as for other types of care. For people who newly qualify for Medicaid based on income benefits will be less extensive although plans must include ten core types of services, called Essential Health Benefits. Mental health and substance abuse care is required as an Essential Health Benefit.

Who Pays for Medicaid?

Jointly financed with federal and state dollars and administered by states, Medicaid is the single largest source of funding for public mental health services. The federal contribution varies by state based on per capita income, ranging from 50 to 76 percent.ⁱⁱⁱ In states that expand Medicaid as allowed under the ACA, the federal share will be 100 percent from 2014 to 2016 gradually declining to 90 percent in 2020 and beyond.^{iv}

Because the population served by Medicaid has little or no ability to pay for medical services, federal law limits premiums, deductibles and out-of-pocket costs permitted under the program.

How do Medicaid providers get paid?

States set payment levels for providers which are usually lower than rates paid by other insurers. State Medicaid programs may pay providers directly on a fee-for-service basis, or through various managed care arrangements. Managed care is a way of financing and delivering health care that seeks to control costs and improve quality of care. Nearly three out of four Medicaid enrollees were in managed care as of 2011.^v

Medicaid and the Children's Health Insurance Program (CHIP)

The Children's Health Insurance Program (CHIP) is a joint federal/state public health insurance program for children under 200 percent of poverty who do not qualify for Medicaid. CHIP includes a mental health parity mandate, but services vary by state^{vi} In some states, children enrolled in CHIP receive the full range of Medicaid mental health services. In other states, mental health benefits in CHIP may be less comprehensive.

Medicare and Medicaid Dual Eligibles

Medicare beneficiaries with low incomes may also receive help from the Medicaid program to cover premiums, deductibles and copayments for hospitalization, outpatient clinical services, prescriptions and emergency care. People who have Medicare and Medicaid, or dual eligibles, often have intensive health needs, making care coordination challenging. The health reform law sets up demonstration projects in several states to explore better health care delivery and financing for dual eligibles.

Summary

Medicaid improves access to vital health and mental health care for low-income Americans by financing a wide array of services and supports. Eligibility will expand in 2014, increasing the value of Medicaid as the largest payer source for public mental health services.

Sources:

ⁱ Finkelstein, et al; (2011) The Oregon Health Insurance Experiment: Evidence from the First Year. www.oregonhealthstudy.org/en/home.php.

ⁱⁱ Note: \$15,415 for an individual; \$26,344 for a family of three in 2012. Source: Who benefits from Medicaid Expansion? www.kff.org/medicaid/quicktake_aca_medicaid.cfm.

ⁱⁱⁱ Note: Federal Medicaid match, or Federal Medical Assistance Percentage (FMAP), is provided to states based on per capita income. States with lower per capita income (higher poverty rates) have higher federal match rates.

^{iv} Kaiser Commission on Medicaid and the Uninsured (Sept. 2012) Medicaid Financing: An Overview of the Federal Medicaid Matching Rate (FMAP) www.kff.org/medicaid/upload/8352.pdf.

^v Medicaid Managed Care Enrollment Report, Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services, November 2012. Available at: www.medicare.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/Downloads/2011-Medicaid-MC-Enrollment-Report.pdf.

^{vi} Kaiser Commission on Medicaid and the Uninsured (October, 2009) "Health Coverage of Children: The Role of Medicaid and CHIP. www.kff.org/uninsured/upload/7698-03.pdf.