National Alliance on Mental Illness

MEDICAID and MENTAL HEALTH

KEEP WHAT WORKS

About 10 million Americans with a behavioral health diagnosis are enrolled in Medicaid, the main provider of mental health services for people affected by serious mental health conditions.[1] Medicaid delivers effective mental health treatment that allows people with mental illness to be successful at work, at school and at home. Importantly, Medicaid provides research-based services and supports not covered by most health insurance plans, like First Episode Psychosis (FEP) programs, Assertive Community Treatment (ACT) teams and peer support services, that promote recovery and productivity.

Medicaid expansion

Single adults living with mental illness—no matter how severe their symptoms or how low their income—are not eligible for traditional Medicaid programs unless they successfully navigate a lengthy federal disability determination process and meet medical and income criteria.

Medicaid expansion removes barriers for people with mental illness by allowing people to qualify based on income, rather than a disability determination. This helps people get mental health services while reducing growth in the federal disability system. Currently, over one in four people who receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) payments are on disability as a result of mental illness. Medicaid expansion creates a path to work and self-sufficiency because eligibility for mental health care is not tied to a life of disability.

Medicaid financing

Medicaid provides states the latitude to innovate and create efficiencies in delivering care. States are implementing innovative approaches, such as integration of mental health and primary care, that promote quality, transparency, better outcomes and lower costs.

Block-granting Medicaid would cap a state's federal Medicaid financing, leaving states in the red if needs exceed the cap. Per capita caps would limit federal financing, too, on a per-person basis. Both block grants and per capita caps would leave state programs with significantly less funding in future years, dampening innovation and putting services for people with mental illness at risk, including the promise of better outcomes from new and improved treatments.

Stable Medicaid financing allows states to provide consistent mental health care, lower costs and improve outcomes; caps and block grants lock states into program cuts. While cuts may reduce some spending in the short term, people not receiving mental health care will shift costs to other systems. For example, 20% of people in local jails have a serious mental illness[2] and, without access to mental health care, that number could grow significantly. In 2012, hospital stays for a primary diagnosis of mental illness cost $4.6 billion.[3] Costs for hospitalization and emergency department visits for mental illness could grow, too, with fewer people getting the mental health care they need.

References

1. Medicaid and CHIP Payment and Access Commission (MACPAC). (2015). *Report to Congress on Medicaid and CHIP.*
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