The Waterfall Effect: Transformative Impacts of Medicaid Expansion on States

Recommendations and Actions for Behavioral Health Care Stakeholders on Restoring Funding to State Public Behavioral Health Systems

Introduction

As we have reported in the NASMHPD report – *The Waterfall Effect: Transformative Impacts of Medicaid Expansion on States* – under the new Medicaid expansion, the Federal government will now incur significant costs for the treatment of individuals with behavioral health disorders previously paid for by the states. This is a major opportunity for mental health advocates to promote and support state actions calling for a significant portion of the new federal dollars be used to re-strengthen behavioral health systems. Programs that improve the lives of individuals with serious mental illness – for children, adults and older adults – need to be strengthened through new funding.

The restoration of the $4.5 billion taken out of the system over the last four years should be a high priority for individual states that will enable persons with serious mental illness to thrive in the community through supported employment, housing and supported transportation programs, as well as enhancing key case management and recovery-oriented efforts.

Depending on locations and priorities, in addition to shoring up community-based programs, funding could also be restored to replace needed acute care services and hospital beds that have been eliminated over the last 10 years.

Recovery for people with serious mental illness is possible, but the states need additional funding to achieve this goal.

1. Protecting and Strengthening Mental Health Service Programs and Restoring Cuts

Recommended Action

Advocates should promote and support, through several communication tools, the use of significant portions of the new federal dollars for mental health services to re-strengthen state behavioral health systems. Policymakers need to be informed that new federal Medicaid dollars should be utilized to restore the most harmful cutbacks -- such as community services – as an initial priority.

The recent mass killings in Newtown, Aurora, and Tucson, have sparked legislative debates and public conversations about health insurance coverage and benefits and budget deficiencies in publicly run mental health systems across the United States. Although a few states are poised to spend additional "general revenue" funds to begin to reverse decades of underfunded programs, several states are proposing budget cuts in mental health care.

After four years of severe budget cutting at the state level, states and communities simply cannot withstand more reductions in public mental health services. These cuts have already sharply eroded the availability of vital services and providers of services for children and adults living with serious mental illness. They have also shifted costs to systems responsible for responding to psychiatric emergencies such as emergency rooms, EMT personnel, law enforcement agencies and homeless shelters.

Due to severe state cutbacks, individuals with a mental illness who are uninsured receive very basic, state-funded public behavioral health care services and of limited duration, and often these services and care are crisis-oriented. As reported in Section Two of *The Waterfall Effect*, the Medicaid expansion program will replace billions in state and local dollars that are funded on behavioral health services with new federal Medicaid monies.

Many state systems continue to see their funding levels far below what they were in FY 2009 and earlier. Cuts in Medicaid and the shifting of state mental health resources to fill the Medicaid gaps have further perpetuated the crisis in mental health care. Based on recent studies, only one in four people with a mental illness currently receive adequate treatment.

2. Keeping Promises: Development of a Strong Community-Based Infrastructure

Recommended Action

Advocates should inform policymakers – and stakeholders outside the behavioral health community – that the infusion of new federal dollars aimed at replacing state funds for behavioral health care, would mean getting to a "mental health healing system" that should adequately, and consistently, be funded.

The new Medicaid expansion effort has the potential to afford people with behavioral health diagnoses greatly expanded access to mental health and substance use treatment in an integrated and community-based setting, with a person-centered treatment focus.

The development of a strong infrastructure of community-based services will likely decrease the need for inpatient beds in some cases, but this infrastructure is today inadequate in most places. A range of options for responding to youth and adults in crisis is needed, including mobile crisis teams, 24-hour crisis stabilization programs, and inpatient beds in community hospitals.

Studies of our troubled mental health system agree: We must lessen reliance on costly and traumatizing crisis and inpatient care, and transition to a community-based model of care. Expanding community services such as therapy, psychiatric services, psycho-social rehabilitation, case management, substance abuse treatment and supportive housing will help people living in the community maintain their health and reduce the need for costly, traumatizing

crisis and inpatient services. Other studies further recommend that counties around the nation should expand partnerships with private hospitals to provide inpatient care.

When people leave the hospital or crisis facilities, sufficient supports are usually not available to prevent the next crisis. If we do not significantly expand community services, our nation's psychiatric emergency rooms will continue to be overwhelmed with hundreds of thousands of people coming through the doors annually, the majority in a police car in handcuffs. Many voluntarily seek help for their mental health conditions in the community or at private hospitals but are turned away.

Policy-makers face another challenge: the crisis in inmate medical and mental health care. Correction systems are also overwhelmed as detainees experience long delays in access to medication, to assessments and psychiatric services, inappropriate placement of individuals with serious mental illness in disciplinary cells and inadequate monitoring and oversight. Several deaths and suicides occur due to the lack of appropriate services.

The challenges in our correctional system reinforce the need to improve access and quality of community services so fewer individuals come into contact with the criminal justice system. Where this is not successful, programs to divert individuals from jail or prison or reduce recidivism can result in better long-term outcomes; jail is not an evidence-based practice for mental health treatment.

Conclusion

Due to the new Medicaid expansion program, states can redirect funds from jails, prisons, and crisis-driven services, such as traditional homeless shelters and hospital emergency departments into supportive, permanent housing and evidence-based treatment. We should invest in upfront initiatives that will result in gains over the long run. That is far more rational and humane than our current-crisis driven approach which sends people to costly hospital ERs, overnight shelters and jails, causing an unending growth in emergency room budgets and corrections.
We can and must improve mental health services in our country; ensure quality, safety and adequate oversight; and improve access to recovery-based care, especially the community.

The new Medicaid expansion initiative is good for people with serious mental illness.

The lives of these individuals are on the line.

Release Date: 1/23/13
National Association of State Mental Health Program Directors
66 Canal Center Plaza, Suite 302, Alexandria, VA 22314
703-739-9333
www.nasmhpd.org