

Medicaid Works for People with Substance Use Disorders



Medicaid provides access to critical treatment for people with substance use disorders (SUDs) and supports the providers offering this essential care. Nearly 12 [percent](#) of adults enrolled in Medicaid have a SUD.

Cutting Medicaid or radically changing its financing structure — for example to a per capita cap as in recent congressional Republican proposals to repeal the Affordable Care Act (ACA) — would [threaten access](#) to care for people with substance use disorders. Instead of capping Medicaid, federal policymakers should support positive state innovations that improve coverage for people with SUDs.

Medicaid Provides Crucial Services for People with SUDs

Medicaid is the nation's largest [payer](#) for behavioral health services, including services for people with SUDs and mental health services. Medicaid provides a broad range of services to meet the needs of people with SUDs, including detox, recovery supports, medically assisted treatment prescriptions, and other evidence-based treatment strategies. Medicaid also covers mental health services, which can be critical for people with SUDs who also have co-occurring mental health needs.

Medicaid helps providers meet beneficiaries' needs. Before the ACA, some SUD service providers received Medicaid reimbursement, but many relied primarily on short-term federal, state, local, and foundation grants to deliver services. This insufficient funding left many people with SUDs without care. Comprehensive Medicaid coverage [makes it likelier](#) that people will get needed mental health care.

Medicaid Provides Access to Comprehensive, High-Quality Care

Medicaid's access to providers is comparable to private insurance — a key measure of access — and it provides a broader range of benefits.

- **Medicaid helps people with SUDs get the care they need.** After expanding Medicaid, Kentucky saw a [700 percent increase](#) in Medicaid beneficiaries using substance use treatment services. Nationally, expanding Medicaid reduced the unmet need for substance use treatment by as much as 18 percent.
- **Medicaid beneficiaries have [access](#) to behavioral health services that are more comprehensive than individual market [coverage](#).** A comparison of Medicaid and marketplace plans in Arizona, Colorado, Connecticut, and Michigan showed that in all four states, more behavioral health services were covered in Medicaid than in plans available on the individual market.
- **People with Medicaid coverage have a regular health care provider at [rates comparable](#) to people with private coverage** — a key measure of access to care. They also have access to a broader range of benefits.
- **Medicaid offers high-quality care.** Medicaid beneficiaries are [likelier](#) than those with private coverage or the uninsured to say that their care was excellent or very good.
Medicaid prevents medical debt. Medicaid beneficiaries are [less likely](#) to have trouble paying for care, and to skip needed care due to cost, than people with private coverage or the uninsured.

State Innovations Help Meet the Needs of People with SUDs

States have flexibility under Medicaid to innovate and improve the delivery of health care services.

- **States are experimenting with new ways to deliver services to people with complex needs.** For example, a Missouri program coordinates care for Medicaid beneficiaries with chronic physical and behavioral health conditions like SUDs — reducing emergency room visits and cutting Medicaid costs for program enrollees by [17 percent](#).

- **States are bridging the gaps between physical health, mental health, and social services.** For example, Colorado is [working](#) to integrate physical and behavioral health services and using Medicaid services to help beneficiaries find and keep stable housing.
- **States are developing comprehensive SUD treatment delivery systems.** Vermont [developed](#) a “hub and spoke” model, which delivers medication-assisted treatment through both specialized centers (“hubs”) and primary care offices (“spokes”). California’s [section 1115 Medicaid waiver](#) also allows the state to offer a range of substance use disorder services in a coordinated way.

Medicaid Cuts Would Jeopardize Coverage for People with SUDs

Millions of Medicaid enrollees would lose coverage, and hundreds of billions of dollars in federal Medicaid funding would be cut, under congressional proposals to repeal the ACA and impose a rigid, arbitrary, and increasingly inadequate cap on federal funding for state Medicaid programs. Such proposals would effectively end states’ option to expand Medicaid under the ACA – threatening health care for large numbers of low-income Medicaid beneficiaries and leaving those with SUDs particularly at risk of being uninsured or going without needed care.

Such Medicaid cuts would:

- **Leave states holding the bag.** A cap on federal Medicaid funding would result in deep cuts that would grow larger over time. It would also leave states responsible for 100 percent of the costs above their arbitrary federal funding cap, including higher-than-expected costs stemming from new treatments, public health emergencies (like the current opioid crisis), or changing demographics like aging of the population.
- **Threaten existing services when new costs arise.** States would likely have no choice but to institute severe cuts to Medicaid eligibility, benefits, and provider payments, which would particularly harm people with SUDs. Moreover, as new treatments emerge or as demand for treatment increases, states could only cover these added costs by scaling back services like SUD treatment, especially if these services are covered at a state’s discretion.
- **Put people with SUDs at risk of losing coverage.** The ACA’s Medicaid expansion covers 11 million people, many of whom struggle with a chronic illness or condition, such as a substance use disorder. Only [36 percent](#) of non-elderly Medicaid beneficiaries with disabilities receive Supplemental Security Income (SSI), which allows them to enroll in Medicaid even without the expansion. (A SUD by itself doesn’t qualify someone for SSI or Medicaid.) Those not qualifying under SSI, unless eligible for Medicaid based on other criteria, could lose coverage and become uninsured.

Some recent ACA repeal proposals have included other funding for opioid treatment, but it would fall well short of what experts estimate is needed. In fact, replacing health insurance coverage with grant funding for treatment would always fall short as a response to the opioid epidemic: a modest amount of funding is no substitute for comprehensive access to health coverage, which Medicaid provides.

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