

# Addiction Treatment: Expanded Access or Dramatic Cuts?

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Heroin and prescription drug addiction in the U.S. has skyrocketed over the past 25 years. Millions of people across the country are struggling to access needed substance use disorder (SUD) treatment services and are unable to recover.

On May 17, U.S. senators Dick Durbin (D-IL), Rob Portman (R-OH), Sharon Brown (D-OH), Shelley Moore Capito (R-WV), Angus King (I-ME), and Susan Collins (R-ME) introduced the *Medicaid Coverage for Addiction Recovery Expansion (Medicaid CARE) Act*. The bill aims to expand access to SUD treatment services for U.S. adults on Medicaid. The proposal aims to increase addiction treatment services to help combat the heroin and prescription drug epidemic by modifying a long-standing Medicaid policy that limits coverage of mental health services that are longer term and involve a residential (room-and-board) component.

It is striking that this bill was refiled in the U.S. Senate at the same time the Senate took up its work on the House's American Health Care Act, the ObamaCare repeal bill. The bipartisan Medicaid CARE Act aims to strengthen Medicaid's important role in addressing public health crises and delivering life-saving health care, but the House's ObamaCare repeal bill cuts Medicaid funding deeply. The AHCA uses the cuts to offset federal tax cuts to the wealthy and to large corporations, and leaves it to state and local governments to either cut Medicaid or raise their taxes. Should the health care repeal bill pass – which cuts \$834 billion out of Medicaid and leaves 14 million fewer people with Medicaid coverage – any modest improvements made in access to SUD treatment services would be severely undermined by loss of coverage and diminished benefits.

## The Medicaid IMD Exclusion

The Medicaid CARE Act modifies the Medicaid Institutions for Mental Disease (IMD) Exclusion, a policy created when Medicaid was enacted. IMD prohibits the use of Medicaid federal funding for health care provided to patients in mental health or SUD residential treatment facilities with more than 16 beds. The exclusion applies to all Medicaid beneficiaries ages 21 to under 65. The exemption has long been a barrier to expanding access to residential behavioral health care services through Medicaid.

When Medicaid was first created in 1965, states had primarily been responsible for funding the care of people with severe mental illness, often in institutions like state hospitals. Through the IMD exclusion, the federal government sought to prevent states from shifting the costs of

inpatient psychiatric services to Medicaid. Congress has considered amending or repealing the provision since 1965; however, such efforts have never been successful. In recent years, the IMD exclusion has been viewed as a protection against the over-institutionalization of people who need mental health and substance use disorder services. Advocates within the mental health community, specifically, are divided on ending the exemption.

### **The proposed Medicaid CARE Act**

The last major change to the IMD exclusion came in 2016 when the Department of Health and Human Services (HHS) adopted final rules for Medicaid and CHIP Managed Care Organizations. The rules<sup>i</sup> include a provision that will, for the first time, allow Medicaid to pay for inpatient treatment in a facility with more than 16 beds. The rule allows plans to cover 15 days of inpatient mental health and addiction services.

The Medicaid CARE Act would further modify the IMD Exclusion to allow Medicaid coverage for accredited residential addiction treatment facilities with up to 40 beds for up to 60 consecutive days for adults with substance use disorders. Importantly, the bill would also allow Medicaid beneficiaries receiving treatment in these facilities to keep their Medicaid coverage active for all their medical needs, whereas currently under the IMD Exclusion their Medicaid benefits are suspended, much like they are for an incarcerated person.

### **Texas and the Medicaid CARE Act**

Today, only a very small percentage of adults who need SUD treatment services actually have access to them through Medicaid in Texas. Texas was one of 19 states that did not act on the option under the ACA (ObamaCare) to expand its Medicaid program. An expansion would have covered adults with income up to \$34,000 per year for a family of 4 (138% of the federal poverty level). Because of the failure to expand Medicaid, very few adults are eligible for Texas Medicaid. Neither an SUD diagnosis alone nor being in poverty alone will qualify an adult for services under Texas Medicaid. The 31 states that have already created coverage for their poor and near-poor adults are seeing improvements in SUD recovery, and stand to do even better under the Medicaid CARE Act. Meanwhile, in Texas, the [lack of a Medicaid coverage option for virtually all adults who are not already fully disabled](#) would limit the beneficial impact of the bill.

While the Medicaid CARE Act has the potential to significantly improve access to SUD treatment, it cannot do that if the Medicaid program itself is hobbled by draconian cuts contained in the ACA repeal bill, or the even deeper Medicaid cuts proposed in the President's budget.

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<sup>1</sup> The Trump administration has recently signaled that the full Medicaid Managed Care regulation is under a broad review.

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