

How Medicaid and Federal Block Grants Help Treat Substance Use Disorders

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The recent surge in opioid-related addiction and deaths across the United States is bringing new attention to long-standing inadequate access to publicly funded treatment programs for substance use disorder (SUD), especially for low-income and uninsured people. The need for SUD treatment and recovery support services is critical today, with a record 63,600 people dying from drug overdoses nationwide in 2016.

All Texans living with substance use disorders should be able to access the treatment and recovery supports they need, regardless of their income. House and Senate committees of the Texas Legislature are studying access to SUD treatment. The committee discussions give Texans an opportunity to educate lawmakers, and for all of us to learn about the problem and how we can improve the futures of Texans with SUD, their families and their communities.

When low-income adults receive publicly funded treatment for a substance use disorder, their care generally comes from two potential funding sources¹: (1) Texas Medicaid and/or (2) the Substance Abuse Prevention and Treatment (SAPT) federal block grant. Unfortunately, only a fraction of those in need are treated by these programs today. This policy brief provides an overview of the roles Medicaid and SAPT block grant funds play in addressing SUD among adults. The brief identifies promising policy solutions that could dramatically improve access to treatment and long-term recovery services for Texans with substance use disorders of all kinds.

Medicaid

Recent Addition of Substance Use Disorder Treatment to Texas Medicaid

At the direction of the Texas Legislature, the Health and Human Services Commission (HHSC) added to Medicaid a new, comprehensive substance use disorder (SUD) treatment benefit for adults in January 2011. The added coverage for SUD treatment came with the goal of reducing overall program spending related to untreated SUD among adults.² Prior to 2011, Texas Medicaid covered only limited treatments related to substance use disorders for adults.

Available Substance Use Disorder Treatment Services

The Medicaid SUD benefits available to adults and children today through Medicaid include:

- Assessment
- Outpatient treatment (e.g. individual and group counseling)
- Residential treatment
- Medicaid Assisted Treatment

¹ Publicly funded SUD treatment is also provided for incarcerated Texans within the Texas Department of Criminal Justice prison system.

² 2018-19 General Appropriations Act, Senate Bill 1, 85th Legislature, Regular Session, 2017 (Article II, Health and Human Services Commission, Rider 29)

- Residential detoxification
- Ambulatory detoxification (outpatient)

Only chemical dependency treatment facilities licensed and regulated by the state can provide services, except for Medication Assisted Therapy services, which licensed physicians can also provide.

Too Few Texans Are Eligible for Services

Very few low-income adults are eligible for Medicaid coverage in Texas. These are the only adults that Texas Medicaid covers today:

- Low-income pregnant women (coverage ends two months after birth)
- Low-income women with breast or cervical cancer (covered during treatment)
- Extremely low-income parents caring for children (Example: in a family of four with two parents and two children, parents must earn less than \$390 per month to get Medicaid coverage in 2018)
- Former foster care youth (from age 19 up to age 26)
- People age 65 and older, and people with significant disabilities, who are below or near poverty

Even serious mental health conditions and substance use disorders alone do not qualify an adult for Texas Medicaid (i.e., on the basis of a disability), until the person cannot work or is expected to die within a year.

The People Who Can Access Treatment

Texas has some of the most restrictive Medicaid eligibility rules for low-income adults in the nation, and this limits the ability of Texas Medicaid to provide SUD treatment services. Today, Texas Medicaid covers roughly 1 million adults. In 2015, **65,690** adults in Texas Medicaid had a diagnosed substance use disorder and **5,967** of them, or nine percent, received SUD treatment.³ This share of adults in Texas Medicaid with an SUD diagnosis who received treatment, while still quite modest today, has increased since Texas Medicaid added the SUD treatment benefit.

Because relatively few low-income adults with SUD qualify for Texas Medicaid, the limited pool of federal block grant funds available for treatment is the only alternative for many. As a result, **Texas treats more than six times as many adults through block grant funding as through Texas Medicaid.**⁴ Though federal block grant funds out-perform Texas Medicaid in delivering treatment, they only treat 5.8 percent of uninsured Texans in need.⁵

Block Grants

What is the Substance Abuse Prevention and Treatment block grant?

The SAPT block grant is a federally funded grant administered by the Substance Abuse and Mental Health Services Administration (SAMHSA). The block grant is used for prevention, treatment, recovery supports and

³ Texas Health and Human Services Commission, "Evaluation of Medicaid Spending and Outcomes for Substance Use Disorder Treatment," November 2017, <https://hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2017/substance-abuse-disorder-treatment-nov-2017.pdf>

⁴ In 2017, 39,726 low-income adults in Texas received block-grant-funded SUD treatment services in state fiscal and in 2015, 5,967 adults received SUD treatment in Texas Medicaid.

⁵ Texas Department of State Health Services, "Behavioral Health Services: Substance Use and Abuse Services," slide 3, January 29, 2018; and presentation by Mary Sowder, Program Services Director, Texas Department of State Health Services, to the Substance Use Disorder Coalition Workgroup on March 7, 2018.

other services to supplement Medicaid, Medicare and private insurance services. SAPT-funded services serve people who are uninsured and unable to receive treatment services anywhere else.

In Texas, the Health and Human Services Commission (HHSC) administers the grant, contracting with community-based providers and licensed treatment program providers to deliver services. To determine the amount of funding the Commission distributes to each of its 11 service regions, HHSC uses a funding formula based on population, poverty and need. HHSC provides competitive funding contracts through the block grant every four years. Each region has an array of services that follow the guidelines of the block grant.

Funding

The total funding in the 2018-2019 state budget for substance abuse prevention, intervention and treatment at HHSC (not including Medicaid) is \$190 million a year, with \$45 million coming from the state's general revenue (GR) funds. The federal block grant accounts for 76 percent of the total funding, and 24 percent comes from state GR. These funds are not enough to meet the need for SUD services in the state; only 5.8 percent of Texas uninsured adults are able to receive services today.⁶ In addition to the amounts reflected in the 2018-19 state budget, Texas received \$28 million from the federal government for 2018 as part of the Opioid State Targeted Response grant to operate the [Texas Targeted Opioid Response](#) initiative.

Eligibility

The SAPT block grant pays for substance use disorder treatment only when all other sources of funding have been exhausted. People qualify for block grant services when they are not able to get services through a private insurer, Medicaid or Medicare and have an income of less than 200 percent of the federal poverty level (\$24,280/year for an individual). Funding for SUD treatment is limited and unable to serve all of the Texans in need; in response, both SAMHSA and the state of Texas have identified "priority populations" for treatment.

Federal and state priority populations (in order of priority) are:

- Pregnant women who inject illicit drugs (must be admitted to treatment immediately)
- Other pregnant women (must be admitted immediately)
- Injecting drug users (must be admitted within 14 days)

Additional state priority populations:

- People identified as being at high risk for overdose (must be admitted immediately)
- People referred by the Department of Family and Protective Services (must be admitted within 72 hours)

Service Capacity Lags Far Behind Need

SAPT funds are only able to provide treatment to 5.8 percent of the Texas adults in need. The 5.8 percent represents the population with an SUD diagnosis living below 200 percent of the federal poverty line and unable to receive services through Texas Medicaid or private insurance.⁷ During fiscal year 2017, SAPT

⁶ Ibid.

⁷ Texas Department of State Health Services, "Behavioral Health Services: Substance Use and Abuse Services," slide 3, January 29, 2018; and presentation by Mary Sowder, Program Services Director, Texas Department of State Health Services, to the Substance Use Disorder Coalition Workgroup on March 7, 2018.

treatment funds served 32,405 adults in the state and 13,117 adults were on a waitlist to receive SUD treatment at some point in the year.⁸

Here is HHSC's breakdown of Texans who were waiting for SUD treatment at any point during fiscal year 2017:⁹

- 13,177 adults were on a waitlist an average of 16 days with the maximum number of days waited by any one person being 293.
- 163 youth (younger than 18 years old) were on a waitlist on average 24 days with the maximum number of days waited by any one young person being 141.
- 5,111 women were on a waitlist an average of 15 days with the maximum number of days waited by any one woman being 252.
- 8,227 men were on a waitlist on average 16 days with the maximum number of days waited by any one man being 293.
- 144 pregnant women were on a waitlist in 2017.
- 4 injecting drug users were on a waitlist in 2017.
- Harris County had the highest number of people on a waitlist with 1,425 people, followed by Tarrant County with 1,314 people, Travis County with 702 people, Dallas County with 581 and Lubbock County with 552 people.

Available Services

The block grant is used to fund prevention, intervention, treatment and recovery services across the state. Prevention efforts focus on youth education, information resource centers and state partnerships with community organizations. Intervention efforts use Outreach, Screening, Assessment and Referrals Centers (OSARs) as a designated first point of contact for those seeking SUD treatment services. OSAR counseling staff screen people to determine what care is needed and then connect people to services. [OSARs](#) are located at Local Mental Health Authorities in the 11 HHSC service regions. Additionally, the state funds intervention efforts tailored to specific populations like pregnant women, fathers, people in rural and border communities, and individuals who may be infected with HIV.

Block-grant funded treatment services include:

- Detoxification services
- Residential treatment
- Outpatient treatment
- Specialized treatment for women
- Medication Assisted Treatment
- Co-occurring Psychiatric and Substance Use Disorder treatment
- HIV residential treatment

The current availability of treatment services is not able to meet the need in Texas. Every treatment service had a waitlist for the 2017 fiscal year. The services with the highest number of people on a waitlist at any point in 2017 were: intensive residential treatment for adults (6,653 people), residential detoxification for adults

⁸ Analysis of SUD treatment waitlist data provided by the Texas Health and Human Services Commission via data request. Numbers used refer to the total unduplicated number of people on a waitlist during the course of fiscal year 2017.

⁹ Ibid.

(3,850), intensive residential treatment specialized for women (1,838), outpatient services for adults (1,831) and residential detoxification specialized for women (488). Texans waiting for treatment for opioid use disorder with medication assisted treatment had an average wait time of 86 days.¹⁰

Recovery Services and Supports

“Recovery from substance use and mental health disorders is a process of change through which individuals improve their health and wellness, live a self-directed life, and strive to reach their full potential” (Substance Abuse and Mental Health Services Administration, 2012).

The understanding of what it means to recover from an SUD has shifted from an acute care or medical model of brief treatment episodes focused on stabilization, to a long-term sustained recovery model which encompasses the whole health and well-being of individuals. HHSC has begun transforming its SAPT services to support a recovery model by establishing local community networks to support recovery across the state. In 2014 HHSC contracted with 22 program providers to establish a pilot project for recovery support services in Texas to be delivered by collaboratives known as Recovery Community Organizations (RCOs).¹¹

Recovery support services programs include a wide array of non-clinical services and supports to help individuals initiate, support, and maintain recovery from alcohol and other drug use problems. These programs incorporate:

- Peer recovery coaches
- Parent groups
- Recovery homes and recovery schools
- Training around basic life skills such as financial management, parenting, employment, and stress management
- Educational support
- Recovery check-ups
- Connections to mutual aid support groups

Researchers at the University of Texas conducted an evaluation of Texas recovery support services programs in 2017. Program participants demonstrated improvements in their rate of employment, average monthly incomes, and rates of owning or renting their own living space.¹²

Texas Targeted Opioid Response

In May 2017, Texas received \$28 million from SAMHSA as part of the federal Opiate State Targeted Response grant to fund the Texas Targeted Opioid Response (TTOR) initiative. The TTOR grant funds projects in the areas of prevention, intervention, treatment and recovery supports for Texans living with an opioid use disorder. TTOR funds are focused specifically on opioid use and abuse across the state, and under the guidelines of the grant, are not available to address other SUD issues.

¹⁰ Analysis of SUD treatment waitlist data provided by the Texas Health and Human Services Commission via data request. Numbers used refer to the total unduplicated number of people on a waitlist during the course of fiscal year 2017.

¹¹ Laurel Mangrum, Richard Spence, Maureen Nichols & Catherine Kaviani, August 31, 2017, “Recovery Support Service Project: Fiscal Year 2017 Interim Evaluation Report,” UT Addiction Research Institute.

¹² Laurel Mangrum, Richard Spence, Maureen Nichols & Catherine Kaviani, August 31, 2017, “Recovery Support Service Project: Fiscal Year 2017 Interim Evaluation Report,” UT Addiction Research Institute.

Block grant services “wrap around” Medicaid

It is common for adults in Medicaid with an SUD to also get “wrap around” services funded by the block grant, to cover needed services that are not Medicaid benefits or are denied by Medicaid. According to HHSC, between 2013-2015 an average of 53 percent of adults in Medicaid with an SUD diagnosis also got an SAPT-funded service.¹³

Examples of Medicaid wrap-around services for adults covered by the block grant include:

- Benefits excluded by Medicaid, such as partial hospitalization and the room and board costs associated with residential treatment.
- Co-occurring mental health and SUD treatment services in a combined treatment setting when not covered by Medicaid. Medicaid will only cover co-occurring treatment if delivered by a provider who is dually licensed or a participant in an approved alternative treatment model like Certified Community Behavioral Health Clinics.
- Any needed extension of residential treatment beyond the 35 days of treatment provided by the Medicaid SUD benefit.
- Recovery support services that are integrated and coordinated with treatment to facilitate a stable recovery based on an individual’s needs, including childcare, prevention education, and help accessing community resources (e.g. housing, employment, health care) among other supports.
- Some specialized residential services for pregnant women and women with children, where a woman can bring her children with her during treatment, including co-housing of children, life skills training, and extended treatment beyond Medicaid’s 35-day limit.
- The continuation of specialized residential services for new moms and their newborns after their Medicaid eligibility period ends at two months post-partum.

Opportunities for Improvement:

As Texas tries to tackle the issue of substance use disorders across the state, here are steps state leaders can take to improve access to treatment services:

Improving Texas Medicaid:

- Accept federal dollars allocated to cover Texas low-income adults living in or near the poverty line, ensuring access to affordable health care that includes SUD treatment, as well as long-term recovery support services. This will allow more currently uninsured adults to access needed SUD treatment, freeing up limited substance use block grant dollars for other priorities.
- Give high priority to building capacity for and improving access to recovery support services, by ensuring that people are connected to treatment and recovery supports in the community after treatment. In 2008, the federal Centers for Medicare and Medicaid Services (CMS) reported that two thirds of people enrolled in Medicaid nationwide with an SUD diagnosis did not receive any follow-up

¹³ Texas Health and Human Services Commission, “Evaluation of Medicaid Spending and Outcomes for Substance Use Disorder Treatment,” November 2017, <https://hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2017/substance-abuse-disordertreatment-nov-2017.pdf>

services within 14 days of discharge from an inpatient stay or residential detoxification.¹⁴

Contemporary best practices point to the need to look beyond a fee-for-service medical model to help people recover from substance use disorders. Medicaid should incorporate long-term disease management into treatment models and make access to ongoing recovery supports the norm and not the exception.¹⁵

- Investigate the ability to increase the number of residential treatment beds available for Medicaid participants in Texas, and the potential to make other SUD treatment delivery system improvements that provide a full continuum of care through long-term recovery supports [through a Medicaid waiver](#). Recent guidance from the CMS released in November 2017 encourages states to use Medicaid waivers to improve access to and quality of SUD treatment.¹⁶ Greater use of Medicaid funding for both treatment and recovery services will free more SAPT block grant dollars for other uses.
- Increase awareness among both health care providers and adults in Medicaid of the availability and scope of Medicaid SUD treatment services, to help increase the share of adults enrolled in Medicaid with an SUD diagnosis who get treatment beyond the current rate of fewer than one in ten.
- Incorporate metrics in Texas Medicaid Managed Care contracts consistent with those used for federal SUD treatment block grants, which are needed to evaluate whether people improve and are able to achieve long-term recovery once discharged from treatment.

Improving both Medicaid and SAPT services:

- Study inconsistencies in methodology and adequacy of how SUD treatment and recovery service providers are reimbursed under the SAPT block grants versus Texas Medicaid, to identify how those systems may create disincentives for some providers to participate in either Medicaid or SAPT. Also identify whether the payment systems incentivize provisions of best practices including a continuum of recovery services.
- For Texans in need of SUD treatment—whether paid for by Medicaid, the block grant, or private insurance—give high priority to building capacity to deliver treatment to people with a full range of co-occurring diagnoses or conditions and special needs, such as medical or mental health conditions requiring ongoing treatment, pregnancy, or the need to provide for children while a parent receives treatment.
- Evaluate the adequacy of current Texas insurance code and regulatory requirements for minimum coverage of SUD treatment, given the law was adopted in 1989, and identify which plans are exempt from this coverage standard. To minimize shifting of privately insured Texans onto Medicaid or SAPT block grant treatment programs, consider setting standards for commercial insurance consistent with best practices for treatment and recovery services available from Medicaid and the SAPT program.
- Fully integrate recovery coaches into SUD treatment regardless of whether it is through Texas Medicaid, the SAPT block grant or private insurance. Recovery coaches provide long term engagement through and after exiting services that assist individuals in reaching sustained long-term recovery. A recovery-oriented system of care provides recovery coaches to individuals upon initial assessment who

¹⁴Centers for Medicare and Medicaid Services, “Strategies to Address the Opioid Epidemic,” State Medicaid Directors Letter # 17-003, November 1, 2017, <https://www.medicaid.gov/federal-policy-guidance/downloads/smd17003.pdf>.

¹⁵ Laurel Mangrum, Richard Spence, Maureen Nichols & Catherine Kaviani, August 31 2017. “Recovery Supports Services Project, Fiscal Year 2017 Interim Evaluation Report” UT Addiction Research Institute.

¹⁶Centers for Medicare and Medicaid Services, “Strategies to Address the Opioid Epidemic,” State Medicaid Directors Letter # 17-003, November 1, 2017, <https://www.medicaid.gov/federal-policy-guidance/downloads/smd17003.pdf>.

maintain contact with the individual while on a waiting list, allowing them to receive ambulatory detox and connect with available recovery supports, such as recovery housing.¹⁷

Improving SAPT-funded services:

- Ensure sufficient treatment capacity to serve every Texan who is ready to address their illness, including sufficient recovery support, throughout Texas. Decreasing waitlists will benefit communities, families, children and the state budget, which covers health, criminal and child welfare system costs associated with limited treatment capacity. For an individual ready for treatment, waiting even a month for services can be a challenge and decrease the likelihood the person will enter into treatment.¹⁸
- Continue state funding for the existing 22 Recovery Community Organizations (RCOs) and add funding for an additional six regional RCOs in rural underserved areas of the state. RCOs are the home-base for addiction support services and resources for Texans with SUDs.
- Increase state investment in family-specialized substance use treatment and recovery programs that allow parent and child to stay together during treatment. Through state and federal funds, Texas supports 10 women and children residential treatment providers that allow pregnant women, mothers and their children to stay together during the course of recovery. Many of these providers have limited capacity and limited beds because of funding shortages. Keeping parents with their children during treatment is essential for their engagement with long-term recovery.

Conclusion

The growth in opioid-related addiction and deaths across the United States is unacceptable and demands increased attention. All Texans living with substance use disorders should be able to access the treatment and recovery supports they need, regardless of their income. We encourage state leaders to consider the policy recommendations above and to act in the best interest of Texans suffering from substance use disorder.

¹⁷ Laurel Mangrum, Richard Spence, Maureen Nichols & Catherine Kaviani, August 31, 2017, "Recovery Support Service Project: Fiscal Year 2017 Interim Evaluation Report," UT Addiction Research Institute.

¹⁸ Laurel Mangrum, Richard Spence, Maureen Nichols & Catherine Kaviani, August 31, 2017, "Recovery Support Service Project: Fiscal Year 2017 Interim Evaluation Report," UT Addiction Research Institute.

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