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# **OVERVIEW OF THE FEDERAL- STATE MEDICAID PROGRAM**

# Background on Medicaid

- Program was founded in 1965 by President Johnson as health insurance for the poor.
- Supplemental Security Income (SSI) was added in 1971 for disabled persons.
- Traditionally Medicaid served:
  - Persons below a poverty cutoff level
  - Poor disabled persons
  - Persons with particular illnesses, HIV.

# Background on Medicaid

- Medicaid also serves “dual eligibles”, those who qualify for both Medicaid and Medicare.
- Dual eligibles may represent up to 40% of Medicaid enrollees who enter through SSI.

# Background on Medicaid

- It is a Federal-State matching program, with a usual range from 79% Federal/21% State to 55% Federal/45% State Funds.
- In the current recession, the Federal Medical Assistance Percentage has been increased on average by about 6+% for each State.

# Background on Medicaid

- Medicaid has suffered from biases: In the Transitional Assistance for Needy Families (TANF) Program only women and children were insured; their husbands were not.
- Medicaid has suffered from stigma: Beginning in 1998, persons with substance use disorders could no longer qualify as disabled under SSI.

# Medicaid Facts and Figures

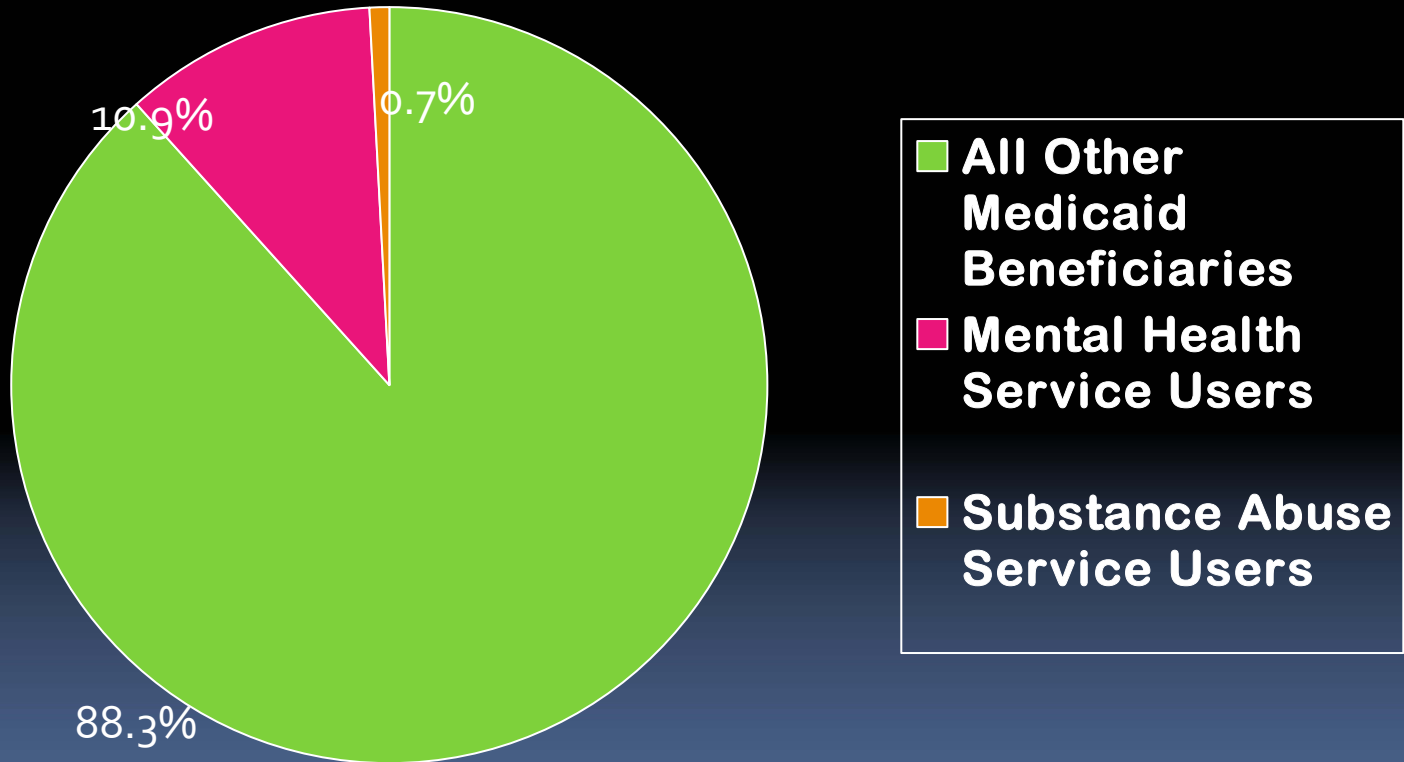
- In 2008, Federal and State government gross Medicaid outlays were \$351.8 billion.
- In 2009, over 65 million people were enrolled in Medicaid.
  - 5.8 million were enrolled on the basis of being age 65 or older
  - 9.5 million were enrolled on the basis of being blind or disabled
  - 31.3 million were enrolled as eligible children

# Medicaid and Mental Health

- Medicaid is the single largest payer for mental health services in the United States
- In 2007, Medicaid funding comprised 58% of State Mental Health Agency revenues for community mental health services

# Medicaid and Mental Health

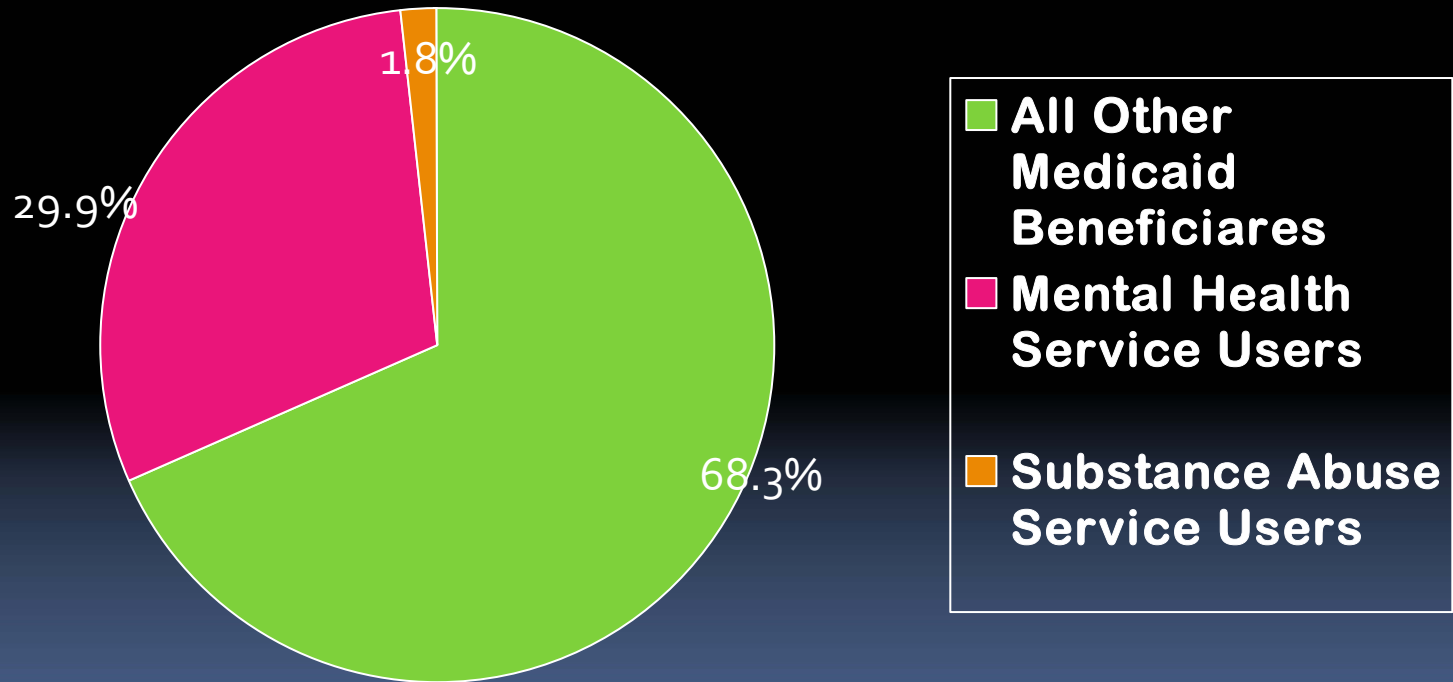
## Beneficiaries





# Medicaid and Mental Health

## Expenditures



# Medicaid and DD

- HCBS waiver expenditures for people with developmental disabled have steadily increased.
- In FY 2003, Federal and State governments spent \$14.3 billion on DD HCBS waivers (75% of all HCBS waiver spending)
- In FY 2008, this figure had increased to \$21.7 billion (73% of all HCBS waiver spending)

# State Medicaid Programs

- Divides programs into Institutional and Community Services.
- For mental health, an “Institution for Mental Disease” (IMD) exclusion applies for persons between 21-64.
- State programs include required and optional services.

# State Medicaid Programs

- State Plan Services
  - Targeted Case Management
  - Rehabilitation Services
  - Clinic Services
  - Practitioner Services
  - Pharmacy
  - Inpatient Services
  - IMD for Children Under the Age of 21

# Covered Mental Health Services

- Inpatient
- Residential Services
- Crisis Stabilization
- Crisis Intervention
- Partial Hospitalization
- Day Treatment
- Case Management
- Skill Building
- Pharmacy
- Outpatient Therapies and Counseling
- Physician Services
- Assessment
- Treatment Planning
- Peer Supports
- Therapeutic Foster Care

# Covered Addiction Services

- Generally covered
  - Inpatient Services (medical detoxification)
  - Emergency Department
  - Outpatient Services (clinic or individual practitioner)
    - Individual
    - Group
    - Family/Multi-family
  - Accredited Residential Treatment Facilities (youth)
- Infrequently covered
  - Intensive Outpatient Services
  - Skill building
  - Case management
  - Limited medication assisted treatment

# The Waivers

- 1115 – Research and Demonstration Waivers
- 1915 – Service Waivers, frequently used for Managed Care
- Waivers Require Budget Neutrality

# State Plan Amendments

- 1915i – Home and Community Based Services State Plan Amendment
- 1915j – Self-Directed State Plan Amendment
- State Plan Amendments do not require budget neutrality.
- Generally, the goal is to get the money to follow the person through services.



# Issues to be Confronted

- Statewideness
- Any willing and qualified provider
- Source of state match
- Compliance/Documentation
- Medical Necessity/Service eligibility
- Reimbursement
- Coverable Activity

# PPACA – National Health Reform

- The Patient Protection and Affordable Care Act (PPACA) Provides New/Expanded Opportunities:
  - Coverage of more individuals
  - Coverage of new services
  - Enhanced match for home and community based services
  - Policy guidance to provide consistency across federal and state programs

# PPACA – Enhanced Persons

- Changes in Medicaid to assist youth to maintain coverage in times of transition—option for states to continue coverage for former foster care children up to age 25.
- Expands Medicaid to 133% FPL—an estimated 19 million new enrollees, of which 1/3 or more are likely to have MI/SUD service needs.

# PPACA – Enhanced Services

- Prevention (screening for depression and alcohol)
- 1915c services under 1915i program for certain eligibles
- Health Homes
  - Care coordination,
  - Comprehensive transitional coordination
  - Health promotion
  - Referral

# PPACA – Enhanced Programs

- 1915i enhancements
- Money Follows the Person—focus on children and older adults
- Special Needs Plans for Medicaid/Medicare individuals

# PPACA – Enhanced Match

- Money Follows the Person
- Coverage for Childless Adults
- Home and community based services for eligible states
- Prevention services

# Discussion

- What are the current problems of your Medicaid Program?
- Will these problems change with implementation of the PPACA?
- How will your programs change in the future?
- What planning are you undertaking to prepare for this?

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