

NHPF Forum Session

Meeting Announcement



"Medicaidization" of Mental Health

A DISCUSSION FEATURING:

Richard Frank, Ph.D.

Professor of Health Economics
Department of Health Care
Policy
Harvard Medical School

Michael Deily

Director
Division of Health Financing
Utah Department of Health

Howard Goldman, M.D., Ph.D.

Professor of Psychiatry and
Director of Mental Health Policy
Studies
University of Maryland School
of Medicine

WITH COMMENTS FROM:

Gerald Radke

Deputy Secretary for Mental
Health and Substance Abuse
Services
Office of Mental Health and
Substance Abuse
Pennsylvania Department of
Public Welfare

Glenn Stanton

Deputy Director
Disabled and Elderly Health
Programs Group
Centers for Medicare and
Medicaid Services
U.S. Department of Health and
Human Services

Chris Koyanagi

Policy Director
Judge David L. Bazelon Center
for Mental Health Law

**Wednesday,
April 9, 2003**

8:30 am — *Continental Breakfast*
9:00–11:00 am — *Discussion*

Russell Senate Office Building
Room 325
Capitol Hill

To register:

Please call Marcia Howard at
202/872-1392 as soon as
possible. Space is limited.

For additional information on this topic:

"Medicaid and Mental Health:
Be Careful What You Ask For,"
Health Affairs, January/
February 2003; available at
<http://www.healthaffairs.org>.



“Medicaidization” of Mental Health

While policymakers appear poised to act on parity for mental health benefits in private insurance products, an important development in public financing has had an equally if not more profound effect on the accessibility of mental health services. Over the last three decades, Medicaid has become an increasingly significant source of mental health funding, eclipsing direct, state-only subsidies as the dominant form of public financing for mental health services. Medicaid spending on treatment for mental disorders grew from 11.9 percent of total mental health spending in 1971 to 20 percent of such spending in 1997. During this period, Medicaid expenditures on mental health grew by a factor of 2.6, accounting for roughly 10 percent of overall growth in Medicaid spending.

This “Medicaidization” of mental health is due to a variety of factors, including states’ efforts to better leverage federal resources through Medicaid matching funds, changes in Supplemental Security Income (SSI) disability criteria that significantly expanded Medicaid eligibility for the severely and chronically mentally ill, and managed care waivers that expanded both eligibility and the mental health benefits available to Medicaid recipients. The shift in public funding toward Medicaid and away from state-only dollars has had a major impact on the types of people able to access services, the nature of those services, and the management structures utilized to regulate service delivery.

SESSION OVERVIEW

This Forum session will focus on the evolution of Medicaid into one of the core funding sources for the mental health safety net and explore the implications of this trend. The session will highlight the January/February *Health Affairs* article “Medicaid and Mental Health: Be Careful What You Ask For,” by Richard G. Frank, Howard H. Goldman, and Michael Hogan. Michael Deily, Director, Division of Health Financing, State of Utah, will join the authors and describe the creative programming his state has designed in response to growing demands for mental health services under Medicaid and rising program costs. A panel of experts will add perspectives from state mental health agencies, responsible federal agencies, and patient advocacy groups.

Forum Session Manager

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With most states facing an alarming budget crisis that threatens to erode Medicaid coverage and plans for Medicaid reform currently being considered in Congress, it is imperative that these changes in the financing and structure of mental health services be fully recognized and understood. This evolution of Medicaid into a core funder of care for people with mental disorders and the impact of this change on the treatment for mental health and substance abuse conditions is the focus of "Medicaid And Mental Health: Be Careful What You Ask For," published in the January/February 2003 issue of *Health Affairs*.

Authors Richard Frank, Howard Goldman, and Michael Hogan review how Medicaid mental health policy has both expanded access to mental health services and provided an incentive for the expansion of community-based providers while dramatically shifting states' focus of public mental health care toward Medicaid's enrollees and covered services. "Mental health care in the United States is unquestionably better because of the Medicaid program than it was thirty-five or even fifteen years ago."¹ As the authors note, however, the Medicaidization of mental health may have a number of unintended consequences, including a diminished role for state mental health agencies in guiding the nature and availability of mental health services and fewer resources for meeting the mental health needs of the uninsured.

The Forum session will review the authors' main findings and will explore the future implications of the Medicaidization of mental health. Issues to be discussed include:

- To what extent has Medicaid's increased role in funding mental health services generated a change in the types of services individuals receive?
- Have local service delivery systems been altered as resources have shifted from direct grants to institutions and community-based providers to an insurance model for services delivered to individual clients?
- Has the shift in financing structure accelerated the trend toward deinstitutionalization?
- What difficulties are associated with the diminished role of state mental health agencies in managing services to clients?
- Will these funding shifts mean less money for services to the uninsured and compromise access for individuals who are not Medicaid-eligible?
- How has the changing funding model for mental health services altered the quality or quantity of care to people with severe mental illness?
- With budget cutbacks on the horizon in most states' Medicaid programs, how are eligibility and coverage likely to change? Will access to specialty care and new generations of pharmaceuticals be endangered?

SPEAKERS

Richard Frank, Ph.D., is the Margaret T. Morris Professor of Health Economics in the Department of Health Care Policy at Harvard Medical School. He is engaged in research in three general areas: (a) the economics of managed care arrangements for mental health and substance abuse care, (b) the economics of the pharmaceutical industry, and (c) the organization and financing of physician group practices. Frank serves on the Advisory Council of the Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services. He also advises several state mental health and substance abuse agencies on issues related to managed care and financing of care.

Howard H. Goldman, M.D., Ph.D., is professor of psychiatry at the University of Maryland School of Medicine, where he is the director of mental health policy studies and the co-director of the Center for Mental Health Services Research. Goldman is an expert in evaluating mental health services and financing demonstration programs. Currently, he is a research director of the evaluations of the evidence-based practices project and the implementation of parity in the Federal Employees Health Benefits Program. Goldman works extensively with the state mental health program directors, various agencies in the U.S. government, and private foundations in the United States and United Kingdom. He is also a consultant to the president's New Freedom Commission on Mental Health.

Michael Deily has served since May 1995 as director of the Utah Division of Health Care Financing, which is responsible for Utah's Medicaid program and administers a freedom of choice waiver that requires all Medicaid recipients in the major urban areas of the state to enroll in a participating health maintenance organization. More than 95 percent of Utah's Medicaid enrollees receive their mental health services through a capitated program that contracts with local mental health authorities. Previously, Deily was director for the Bureau of Eligibility Services.

The Forum session will also feature reactions and comments from an expert panel, including **Gerald Radke**, deputy secretary for mental health and substance abuse services, Pennsylvania Department of Public Welfare; **Chris Koyanagi**, policy director, Judge David L. Bazelon Center for Mental Health Law; and **Glenn Stanton**, deputy director, Disabled and Elderly Health Programs Group, Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services.

ENDNOTE

1. Richard Frank, Howard Goldman, and Michael Hogan, "Medicaid and Mental Health: Be Careful What You Ask For," *Health Affairs*, 22, no. 1 (January/February 2003): 111.