



## Hogg Foundation for Mental Health

House Human Services Committee  
Topic: Health Care Access and Medicaid  
Request for Information  
September 25, 2020

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### Issue:

As the nation's largest funder of mental health and substance use services, Medicaid provides many individuals access to appropriate, timely, and affordable care. Medicaid expansion presents Texas the opportunity to build upon the state's investments in supporting individuals with mental health and/or substance use conditions. In light of COVID-19, the availability of behavioral health services is more important than ever – not only for the well-being of Texans, but also the economic impact on the state.

### Recommendation:

**Expand Medicaid to ensure individuals with mental health and/or substance use conditions have access to treatment, services, and supports.**

### Benefits Experienced by Other States

Approximately 29 percent of individuals receiving health insurance coverage through the Medicaid expansion have a mental health and or/substance use condition.<sup>1</sup> Examples from neighboring states suggest Medicaid expansion has a direct impact on not only addressing the uninsured rate, but also on improving individuals' mental health and well-being:

- Kentucky – Uninsured rates across the state fell from 17 percent in 2013 to 5.6 percent in 2019. During this time, the use of substance use treatment services covered by Medicaid increased fivefold.<sup>2,3,4</sup>
- Arkansas – Uninsured rates across the state fell from 19 percent in 2013 to 8.2 percent in 2019. Medicaid expansion significantly reduced the uninsured rates of adults with depression, as well as significant reductions in delaying care and medications because of their cost.<sup>5,6</sup>
- Louisiana – Uninsured rates across the state fell from 19 percent in 2013 to 8 percent in 2019. As of August 2020, over 117,000 individuals have been able to access specialized outpatient mental health services as a result of Medicaid expansion.<sup>7,8</sup>

### Cost Savings

Increasing access does not necessarily imply an increase in costs. National research has found that there were no significant increases in spending from state funds as a result of Medicaid expansion and no significant reductions in state spending on education, transportation, or other state programs as a result of expansion.<sup>9</sup> Currently, the federal share of spending for Medicaid (known as the federal medical assistance percentage or FMAP) in Texas is 60.89 percent. Federal legislation in response to COVID-19 requires a temporary 6.2 percentage-point FMAP increase to bring states financial relief, provisionally bringing Texas' FMAP to 67.09 percent.<sup>10</sup> For states that have expanded Medicaid, an FMAP of 90 percent is applied to the Medicaid expansion population once fully phased in.<sup>11</sup> In addition to the enhanced FMAP, expansion states have seen direct savings, as well as offsetting costs in other areas. Some of these savings related to behavioral health include:

- During FY 2014-2017, Kentucky and Arkansas estimate Medicaid expansion resulted in cost savings to the state budget on mental health care, in the corrections system, and from reductions in uncompensated care.<sup>12</sup>
- In Medicaid expansion states, the share of substance use or mental health disorder hospitalizations involving patients without insurance fell from about 20 percent to about 5 percent.<sup>13</sup>

- Multiple studies found an association between expansion and increases in Medicaid coverage of specialty substance use treatment facilities or programs, also showing associated decreases in the probability that individuals were uninsured at these facilities.<sup>14</sup>

## **Disparities**

### *Race*

People of color have less access to insurance coverage, and subsequently to treatments and services for mental health care and substance use conditions.<sup>15</sup> In 2018, the uninsured rate stood at 29 percent for Hispanic Texans, 16 percent for Black Texans, 15 percent for Native American Texans, and 13 percent for White Texans.<sup>16</sup> These disparities in health care coverage, when combined with racial trauma caused by a variety of systemic injustices, result in worsened mental wellness for communities of color.

In Medicaid expansion states, the uninsured rate for Black adults dropped from 24.4 percent in 2013 to 14.4 percent in 2018, while the rate for Latinx adults decreased from 40.2 percent to 24.9 percent.<sup>17</sup> Black adults living in expansion states are now less likely to be uninsured than White adults in non-expansion states.<sup>18</sup> This data represents the impact Medicaid expansion can have on improving access to services for systemically marginalized communities. Without expansion, people of color in Texas will continue to disproportionately underuse mental health and substance use treatments and services.

### *Rural Populations*

Too often, rural areas are disproportionately affected in accessing behavioral health services and generally poorer health outcomes.<sup>19</sup> Studies find that Medicaid expansion has had a particularly large impact on uninsured rates in rural areas, reducing or eliminating coverage disparities between rural and urban individuals.<sup>20</sup> More coverage can also help alleviate some of the financial burdens for rural hospitals. Medicaid expansion is associated with significant reductions in the probability of hospital closure, especially in rural areas.<sup>21</sup> This is especially relevant for Texans with behavioral health needs in rural parts of our state, as their options for services are often even more limited.<sup>22</sup>

## **COVID-19 Implications**

In June 2020, elevated levels of adverse mental health conditions, substance use, and suicidal ideation were reported by adults in the United States. These increased mental health conditions are disproportionately affecting specific populations, especially young adults, Latinx, Black persons, essential workers, unpaid caregivers for adults, and those receiving treatment for pre-existing mental health conditions.<sup>23</sup> In Texas, HHSC created a mental health support line for individuals experiencing mental health concerns. The line received over 2,000 calls from across 100 counties within the first month of its launch, indicating the increased and widespread need in our state.<sup>24</sup>

As COVID-19's impact on individual and community well-being is apparent, Texas is anticipated to see a rise in suicides, substance use, and overdoses. The Meadows Mental Health Policy Institute has projected that for every increased percentage point in unemployment in Texas during COVID-19, 60 additional Texans will lose their life to suicide and 90 will lose their life to an overdose.<sup>25</sup> As of September 2020, 3.5 million Texans have filed for unemployment relief since mid-March.<sup>26</sup> Recent analysis shows by January 2021, over 1 million Texans who have lost their employer-sponsored insurance will find themselves uninsured in the coverage gap due to unemployment insurance benefits ending.<sup>27</sup>

## **Summary**

Texans with health insurance are nearly 50 percent more likely to receive treatment for their mental health and/or substance use conditions than those who lack insurance.<sup>28</sup> This is even truer for groups who have disproportionately less access to health care coverage and access to mental health care services. As is being seen, the COVID-19 pandemic has compounded and exacerbated mental health and substance use needs. This emphasizes the need for Texans to receive proper mental health treatment, services, and supports, which could be made more available with the statewide expansion of Medicaid. We are hopeful that you will consider the information offered during the interim and the recommendation we have provided. As always, we are happy to provide additional information upon request.

**Submitted by The Hogg Foundation for Mental Health. For additional information, please contact Shannon Hoffman, Policy Specialist, [Shannon.hoffman@austin.utexas.edu](mailto:Shannon.hoffman@austin.utexas.edu), or Sean Walker, Policy Fellow, [sean.walker@austin.texas.edu](mailto:sean.walker@austin.texas.edu)**

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