

The Role of Medicaid in Treating Addiction

Across the country, individuals and families have suffered the devastating effects of untreated and undertreated addiction. In total, 21.5 million Americans are classified as having an addiction disorder, yet only one in ten receive treatment for their condition.ⁱ Drug overdoses are now the leading cause of accidental death in the United States, driven largely by the opioid addiction epidemic, which claims 91 lives every day.ⁱⁱ Untreated addiction drives up health care costs and contributes to many of the nation's most serious medical problems including heart disease, cancer, and HIV/AIDs.

As the addiction crisis continues to grow, many states and local communities have turned to the Medicaid program as the top solution. The Partnership for Medicaid, a nonpartisan, nationwide coalition representing doctors, health care providers, safety net health plans, counties, and labor presents the following brief to highlight the essential role Medicaid plays in providing innovative addiction treatment solutions, improving overall health outcomes, and containing costs.

What is addiction?

Addiction, clinically known as a substance use disorder (SUD), is a primary, chronic disease. Like other chronic diseases, addiction requires long-term treatment and often involves multiple cycles of treatment. Addiction is treated through a number of effective cognitive, behavioral, and medication therapies.

Why is Medicaid important for individuals with addiction?

Medicaid is a vital source of health coverage for individuals with addiction and accounts for 21 percent of all health care spending on SUDs nationwide.ⁱⁱⁱ The expansion of Medicaid has been especially important to individuals with addiction by providing low-income single adults access to health coverage for the first time. Approximately 29 percent of persons who receive health insurance coverage through the Medicaid expansion either have a mental health disorder, a SUD, or both. People who were uninsured prior to the Medicaid expansion generally had a higher prevalence of behavioral health conditions than the overall population.^{iv}

Individuals with addiction who are uninsured or underinsured are forced to rely on federal and state grant programs for treatment. However, addiction cannot be treated in isolation, especially given that individuals with addiction experience high rates of co-occurring mental illness and chronic physical health conditions. Unlike grant-based health care, which is time-limited and focused on treatment for a particular condition, Medicaid offers enrollees access to comprehensive and integrated care that improves their overall health outcomes.

What addiction services are covered by Medicaid?

Medicaid supports a full continuum of care that spans addiction prevention, treatment, and recovery support services. Importantly, Medicaid has allowed many states to increase access to medication-assisted treatment (MAT). MAT, the most effective treatment for opioid use disorder, combines the use of medication (such as methadone, buprenorphine, or naltrexone) with counseling and behavioral therapies. In states with high rates of opioid use disorder like Kentucky, Maine, Pennsylvania, Ohio and West Virginia, Medicaid pays for between 35 and 50 percent of all MAT.^v Examples of other Medicaid-covered addiction services include: alcohol and drug use screenings, detoxification, residential treatment, intensive outpatient treatment, group and individual counseling, and peer support.

While all state Medicaid programs offer some level of SUD services, these services are considered “optional” under state Medicaid plans. States offer different ranges of SUD services to meet the unique needs of their communities. However, states are not required to maintain these services when they face budgetary challenges or if there are cuts to federal funding resulting from a rollback of benefits or structural financing changes. Support for individuals with addiction is vulnerable when states face these challenges.

How does Medicaid contain the costs of addiction?

Medicaid ensures that adults, children, and families impacted by addiction are able to receive treatment and the comprehensive care that helps them to recover and address co-occurring conditions. For example, Medicaid covers vital substance use treatment services for pregnant women, which leads to improved health outcomes for both mother and child. Medicaid also helps to reduce the costs of addiction borne by the criminal justice and foster care systems. A growing number of local communities are using Medicaid-covered treatment programs as a cost-effective alternative to incarceration for justice-involved individuals. Local jails are also working to close health coverage gaps by suspending, rather than terminating, Medicaid coverage for individuals that are incarcerated. Finally, Medicaid supports family stability and prevents children from entering foster care by providing parents struggling with substance use the treatment they need.

Addiction is a pervasive problem impacting people across all age groups, income levels, and geographic locations, and safety net providers and plans are on the frontlines addressing the diverse health needs of individuals impacted by addiction and supporting their families. Medicaid is a critical source of coverage for those impacted by addiction and ensures access to a range of providers so patients may receive comprehensive care. A strong Medicaid program improves health outcomes and supports patients, families, providers, and plans alike in addressing this targeted issue.

ⁱ Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration, “Behavioral Health Trends in the United States: Results from the 2014 National Survey on Drug Use and Health,” *HHS Publication No. SMA 15-4927* (2015), <https://www.samhsa.gov/data/sites/default/files/NSDUH-FRR1-2014/NSDUH-FRR1-2014.pdf>.

ⁱⁱ Centers for Disease Control and Prevention, “Understanding the Epidemic: Drug Overdose Deaths in the United States Continue to Increase in 2015,” (2015), <https://www.cdc.gov/drugoverdose/epidemic/index.html>.

ⁱⁱⁱ Tami L. Mark et al., “Insurance Financing Increased for Mental Health Conditions but Not for Substance Use Disorders, 1986-2014,” *Health Affairs* 35, no. 6, (2016): 958-965, <https://doi.org/10.1377/hlthaff.2016.0002>.

^{iv} Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration, “State Participation in the Medicaid Expansion Provision of the Affordable Care Act: Implications for Uninsured Individuals with a Behavioral Health Condition,” Nov. 18, 2015, https://www.samhsa.gov/data/sites/default/files/report_2073/ShortReport-2073.html.

^v Richard G. Frank, MD, and Sherry A. Glied, MD, “Keep Obamacare to keep progress on treating opioid disorders and mental illnesses,” *The Hill*, Jan. 11, 2017, background research available at <https://www.hcp.med.harvard.edu/background-information-richard-frank-article>.