Funding Community Mental Health Services

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National Council for Behavioral Health
Payers of Mental Health Services

Distribution of Spending (in Billions) for MH Treatment by Payment Source, 2014

Out of Pocket
- 10% ($19B)

Private Insurance
- 28% ($52B)

Medicaid
- 25% ($46B)

Medicare
- 15% ($28B)

Other State and Local
- 14% ($26B)

Other Federal
- 6% ($10B)

Other Private
- 3% ($5B)

MH Treatment Spending
- $186 Billion

Note: Percentages do not sum to 100 percent because of rounding. Details are presented in Table A.2.
The **Community Mental Health Services Block Grant** provides funds to all 50 states for prevention, treatment, recovery support for individuals with mental illness.

An important function of the MHBG is to finance effective treatment and support services that are not covered by Medicaid, Medicare, or private insurance.

Examples include:

- Mental Health First Aid (MHFA) Trainings
- Crisis Services
- Residential services
- Supported Employment
- Early intervention services
  - SAMHSA requires states to set-aside 10% of mental health block grant funds for early psychosis services
Mental Health Block Grant

SAMHSA Budget Overview
(Dollars in millions)

<table>
<thead>
<tr>
<th>Mental Health</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Mental Health Services Block Grant</td>
<td>483</td>
<td>533</td>
<td>533</td>
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</table>

<table>
<thead>
<tr>
<th>MHBG</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>$4,812,384.00</td>
<td>$4,785,704.00</td>
<td>$5,237,154.00</td>
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</tbody>
</table>
What is Mental Health Parity?

• National law ensures that benefits and services for mental illness and addiction disorders are covered equally to physical health services

• Originated with 2008 Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act (MHPAEA)
  – States have their own parity laws too; CT has had parity laws for specified groups since 2000
# Parity for MH/SUD services

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>Must offer MH/SUD?</th>
<th>Parity applies?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plans sold in Exchanges (Qualified Health Plans)</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Individual market (not sold in the Exchanges)</td>
<td>✔️ 1</td>
<td>✔️</td>
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<tr>
<td>Small group market (not sold in the Exchanges)</td>
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<td>✔️ 2</td>
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<tr>
<td>Large group market (not sold in the Exchanges)</td>
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<td>✔️ 3</td>
</tr>
<tr>
<td>Traditional Medicaid, fee-for-service</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Traditional Medicaid, managed care</td>
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<td>✔️ 3</td>
</tr>
<tr>
<td>Benchmark Medicaid for newly eligible, FFS</td>
<td>✔️</td>
<td>Partially 4</td>
</tr>
<tr>
<td>Benchmark Medicaid for newly eligible, mgd care</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>
Challenges with Mental Health Parity

- Commercial parity regulations not in place until November 2013
- Medicaid parity regulations currently being implemented
- Difficult to identify parity violations
Even with full implementation, parity can only take us so far...
State Mental Health Spending

• Declined in response to:
  – **Recession**: Between 2009-2012, states cut $4.35 billion in mental health services
  – **Medicaid Expansion**: The Medicaid expansion has provided significant statewide savings in Connecticut, Nevada and Washington, enabling states to reduce the amount of state general funds dedicated to behavioral health services.
State Budgets Are Strained

• 25 states are facing budget shortfalls, including Connecticut with an estimated shortfall of 1.3 billion for FY18

• Common cost-cutting actions by states include:
  1. Provider pay cuts
  2. Coverage rollbacks/limitations
  3. Benefit reductions
Medicaid is radically different from other funding sources

- Expands/Contracts to meet the need of services as demand changes
- Targets high need populations left out of other insurance programs
- Negligible co-pays and no deductibles
- Coverage available nowhere else
- Supports medical innovations
Medicaid Supports Innovations

• **Long-acting Injectables (LAIs)**
  – Decrease relapse by improving medication adherence
  – Successful in treating conditions such as schizophrenia, bipolar disorder and opioid addiction.

• **ACT Teams**
  – Evidence-based practice that provide team-based integrated service delivery system to support individuals with severe mental illnesses in the community.

• **Telehealth**
• Peer Services
• ER diversion programs
• CMHC Health Homes
• Family support
• Community support services and case management
• And more…
Demand for MH services is increasing
Economic Burden of Serious Mental Illness

The economic burden of schizophrenia, bipolar disorder, and major depressive disorder in adults in Connecticut is estimated to be at least 1.4 billion dollars for each serious mental illness.

Due to symptom overlap, diagnoses of mental illnesses are not mutually exclusive, therefore, patients with two or more diagnoses may be represented in multiple categories.

Questions

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