

# Behavioral Health: Developing a Better Understanding

Vol. Two, Issue I

## A MEDICAID PRIMER FOR ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH

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States which participate in the Medicaid program are not required by federal law to cover behavioral health services. Rather, these services are considered “optional.” However, if a state chooses to make mental health and alcohol and drug addiction treatment services a part of its Medicaid benefits package -- as Ohio does -- then it must clearly define which services will be covered in its state plan. Once listed in the state plan, services must be available to all Medicaid-eligible individuals on a statewide basis and must be comparable in amount, scope and duration.

The Medicaid payment is handled differently for community behavioral health services than it is for physical health services. For physical health services, providers submit their claims directly to the Ohio Department of Job and Family Services (ODJFS). When a Medicaid client receives mental health and/or alcohol and drug addiction services, the local Alcohol, Drug Addiction and Mental Health (ADAMH) Board, Alcohol and Drug Addiction Services (ADAS) Board or the Community Mental Health (CMH) Board pays the provider. The Board is then reimbursed for 60 percent of the cost by the federal government which flows to the Boards through the Department of Mental Health (ODMH) and the Department of Alcohol and Drug Addiction Services (ODADAS) via an interagency with ODJFS. The remaining 40 percent Medicaid match comes from both state and local sources.

The state’s portion of Medicaid match comes in the form of allocations from the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS). However, these funds must also be used to purchase other critical, state mandated, non-Medicaid services such as housing, prevention programming, vocational training, and detoxification services. Therefore, behavioral health boards must rely, often heavily, on local levy funds to help cover the rest of the Medicaid match. Today, approximately \$60 million in local behavioral health levies is used to help pay for Medicaid match annually.

Interestingly, while Medicaid plays a very large role in the community behavioral health system, mental health and alcohol and drug addiction treatment represent only 3.5 percent of the state’s total Medicaid program.

### Behavioral Health Services Covered by Medicaid

#### Alcohol and Drug

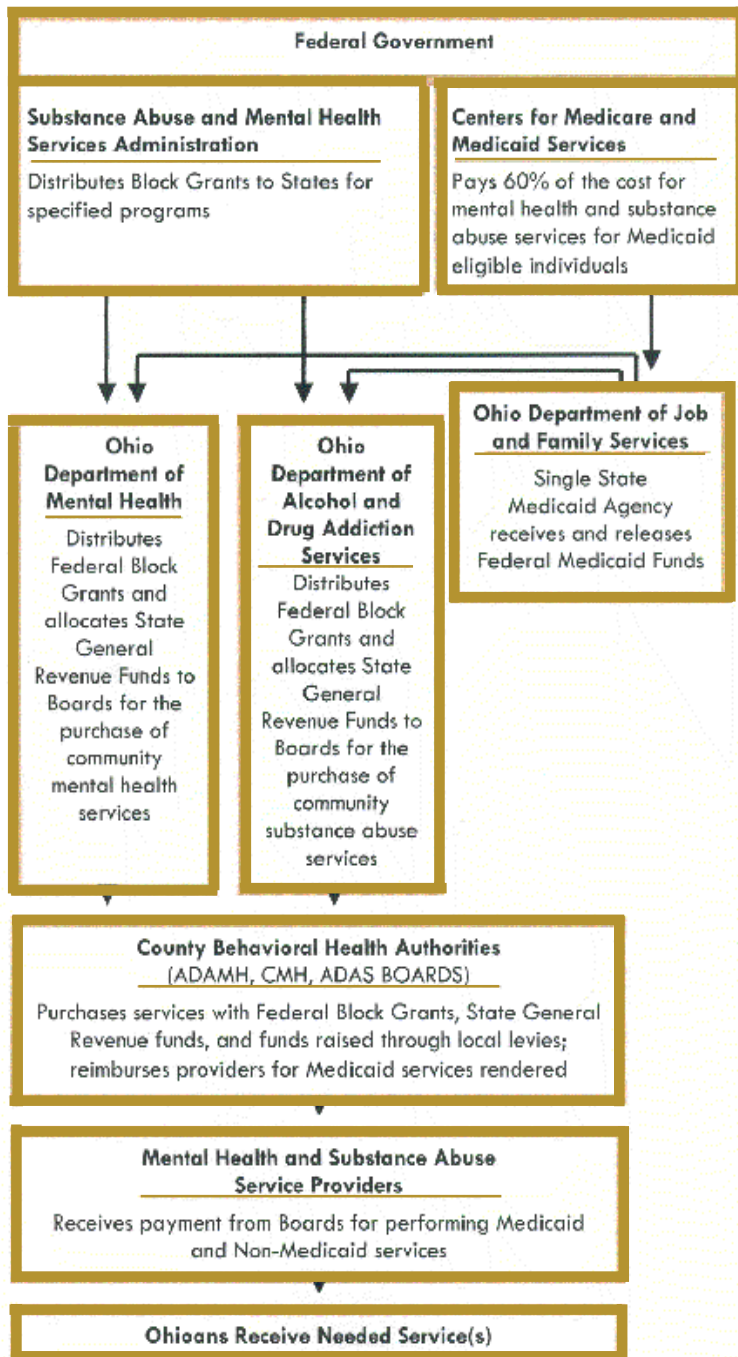
Ambulatory Detoxification  
Assessment  
Case Management  
Crisis Intervention  
Group Counseling  
Individual Counseling  
Intensive Outpatient  
Laboratory Urinalysis  
Medical/Somatic  
Methadone Administration

#### Mental Health

Pharmacological Management  
Assessment  
Psychiatric Diagnostic Interview  
Individual Counseling  
Group Counseling  
Crisis Intervention  
Partial Hospitalization (less than 24 hrs.)  
Community Psychiatric Supportive Treatment (Individual)  
Community Psychiatric Supportive Treatment (Group)

# Funding Ohio's Community Behavioral Health System

Funding for community mental health and alcohol and drug addiction services comes from federal, state and local sources. Federal government funding comes in two forms: (1) Medicaid, which is administered through ODJFS, and (2) Federal Block Grants, which are passed on to the community through ODMH and ODADAS. These state departments also allocate state General Revenue Funds to local Boards for the purchase of community services. (It is important to note that Boards do not receive any Medicaid match funds from the ODJFS Medicaid match line item 525.) General Revenue Funds are generated primarily through the state income tax and state sales tax. Finally, Boards receive funding through local levies, although not all Boards have passed levies. Local levies cover approximately 25 percent of all community behavioral health care expenses.



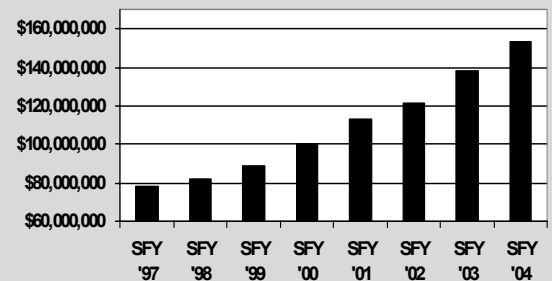
## Medicaid Match a Growing Problem

Ohio first added behavioral health as an optional service under Medicaid in 1988. As a result of this historic change, countless individuals who otherwise would have gone untreated are now productive members of society. However, after years of unprecedented growth, local behavioral health boards are struggling to keep up with the demand for Medicaid match.

Because Medicaid is an entitlement, non-Medicaid services are being reduced or eliminated to meet the demand for Medicaid match. Consequently, Boards are finding it harder and harder to ensure that people who are not eligible for Medicaid and who have no health insurance or are under-insured receive needed services. Soon, the behavioral health system will be faced with the dilemma of how to serve people who have a chronic illness but who are not eligible for Medicaid.

As policy makers deliberate over how to address the pending Medicaid funding crisis, it is imperative that they remain mindful of the important role that Medicaid plays in the community behavioral health system. Without access to Medicaid, thousands of Ohioans with mental illness and alcohol and drug addictions would go without care each year. The direct and indirect costs to the state would be astronomical in terms of disability payments, lost productivity, absenteeism, incarceration, homelessness and increased medical care. True reform must carefully balance the needs of individuals with behavioral health disorders who are on Medicaid, with those who are either not insured or are under-insured.

State & Local Medicaid Match for Mental Health



State & Local Medicaid Match for Alcohol and Drug

