

The Behavioral Health Crisis

The United States is facing a behavioral health crisis. In 2021, the CDC estimated that drug overdose deaths topped 100,000, the highest number on record. Nearly one in five U.S. adults – over 50 million people – live with a mental health condition. Children and young people are also impacted, with the U.S. Surgeon General recently issuing an advisory to call attention to rising rates of depressive symptoms and suicidal ideation among young people. Despite this high level of need, many people struggle to access treatment.

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Medicaid's Role

Medicaid is uniquely positioned to help address this crisis. Today, state Medicaid programs provide health insurance coverage for about 1 in 4 Americans, representing a crucial access point to mental health and substance use services. Medicaid members have a diverse range of experiences, but do, as a whole, have significant behavioral health needs: 28 percent of adults covered by Medicaid have a mental illness, as compared to 19 percent of adults with private insurance. Innovations in the Medicaid system can have a direct impact on treatment access and health outcomes for millions of people.

Just as importantly, Medicaid can drive transformations in our systems of care for mental health and substance use. As the country's single-largest payer for behavioral health services, Medicaid policy has ramifications across the healthcare sector. State-level innovations can also generate important learnings for policymakers, providers, and payers; you can read more about state efforts in NAMD's Medicaid Forward: Behavioral Health report.



Opportunities for Federal Action

Historically, Congress has sought to address mental health and substance use by funding selected programs or treatment modalities. Although this funding has helped shore up parts of the treatment system, NAMD encourages our federal partners to pursue broader policy changes, like those outlined below, that can improve outcomes across the behavioral health system.

- **Behavioral Health Integration.** Our country’s healthcare system is fragmented, with physical health services, mental health services, and substance use services delivered by different providers in different locations. Federal policymakers could remove regulatory barriers to addiction treatment, promote the adoption of interoperable electronic health records, evaluate data sharing restrictions, and present clear guidelines on braiding federal funding.
- **Crisis Response.** Adults with mental illness who are covered by Medicaid are significantly more likely to be involved in the justice system than those who are privately insured, highlighting the need for robust crisis intervention services like crisis response teams and 988 hotlines. Federal policymakers should develop clear Medicaid reimbursement structures for 988, create ongoing federal investments for crisis response teams, and exempt crisis stabilization centers from the “institutions for mental diseases” exclusion.
- **Children and Young People.** Children and young people face different behavioral health challenges than adults. Federal policymakers should develop treatment options for young people with co-occurring intellectual and developmental disabilities (IDD) and mental health conditions, address ongoing challenges with QRTP implementation, and incentivize states to enhance Medicaid reimbursement rates for providers who specialize in children’s behavioral health.
- **Workforce Challenges.** Workforce shortages are one of the biggest challenges facing the behavioral healthcare system. Federal policymakers could take a range of actions to grow the behavioral health workforce and facilitate provider participation in Medicaid, including allowing states to generate federal match on workforce training programs, expanding scholarship and loan forgiveness programs, and reducing administrative burdens associated with participation in Medicaid and CHIP.
- **Incarceration and Re-Entry.** The “inmate exclusion” prohibits Medicaid from paying for care for people who are incarcerated. This creates real challenges in care continuity during the re-entry process, when people are at high risk of drug overdoses and other behavioral health crises. Congress could allow Medicaid to cover incarcerated people up to 90 days pre-release to promote care coordination during the re-entry process.
- **The “Institutions for Mental Diseases” Exclusion.** The “institutions for mental diseases” (IMD) exclusion prohibits Medicaid from paying for care provided in residential treatment centers with more than 16 beds, representing a major barrier to treatment access. Repealing the exclusion would significantly expand access to services for Medicaid members and ensure the full continuum of service needs are met.