



# Potential Effects of Medicaid Financing Reforms on other Health and Social Programs

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Medicaid and CHIP Payment and Access Commission

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# Overview

- Background
- Past MACPAC work on Medicaid's interaction with other health and social programs
- Examples of potential effects of Medicaid financing reform on programs serving Medicaid populations

# Background

- Medicaid interacts with a broad range of health and social programs that serve similar populations as Medicaid
- MACPAC's work has described a number of these programs
  - child welfare system
  - behavioral health system
  - Medicare
- Downstream effects of Medicaid financing reform on other health and social programs serving Medicaid beneficiaries warrant attention

# Potential Effects on Other Programs

- Programs might have to take on responsibility for providing or financing services that previously were paid for by Medicaid
- Gaps in services could be created if resources are shifted to fill in gaps left by Medicaid
- Programs could serve fewer people
- Programs might experience resource constraints (e.g., workforce)

# Medicaid and Schools

- Medicaid is an important payer of health services provided to Medicaid-enrolled children in school settings
- Schools can be reimbursed for
  - Medicaid-covered services
  - health-related services designated in an individualized education plan (e.g., speech or physical therapy) under the Individuals with Disabilities Education Act (IDEA) provided to Medicaid-enrolled children with disabilities
  - Medicaid administrative costs

# Medicaid and Schools: Implications of Financing Reform

- If Medicaid funding is constrained, schools could face reduced support for salaries of health professionals, health-related services, outreach and coordination efforts, and equipment and assistive technology
- In a recent survey, school officials reported concerns that Medicaid financing reform would:
  - hamper their ability to provide health services (e.g., preventive screenings)
  - impede their ability to fulfill IDEA mandates

# State Substance Abuse Agencies

- Support treatment and recovery services:
  - for individuals who are uninsured, underinsured, or eligible for Medicaid but not enrolled
  - not covered by Medicaid
- Medicaid expansion has increased the number of people with coverage for treatment services
- State may use freed up funds to provide additional services or invest in prevention and treatment infrastructure, or reduce agency funding

# State Substance Abuse Agencies: Implications of Financing Reform

- States could reduce or eliminate coverage for optional substance use disorder services
- Elimination of the essential health benefits requirement for the new adult group would also likely reduce access to services
- Responsibility for treatment would shift back to state substance abuse agencies, which already have limited funding and constrained treatment capacity



# Services for Individuals with IDD

- In fiscal year (FY) 2011, Medicaid accounted for 78 percent of public spending on intellectual or developmental disabilities (IDD)
- In FY 2014, 72 percent of spending for Section 1915(c) home and community-based services (HCBS) waivers was for individuals with IDD

# Services for Individuals with IDD: Implications of Financing Reform

- If Medicaid funding is reduced, states may:
  - reduce or eliminate certain HCBS
  - reduce the number of HCBS waiver slots leading to increased waiting lists

# State Units on Aging

- Use federal, state, and local funds to support a broad range of long-term services and supports
- Older Americans Act (OAA) funds are distributed to service providers
  - OAA services are targeted to individuals with the greatest economic and social needs, but includes individuals with higher incomes than Medicaid thresholds

# State Units on Aging: Implications of Financing Reform

- Changes in HCBS waiver services or waiting lists would put pressure on OAA-funded services and other services provided by state units on aging
- State units on aging may be challenged by the extent to which state and local funds are available to support aging services, and thus have to prioritize services that may have otherwise been provided under HCBS waivers

# Next steps

- What potential non-Medicaid effects should be considered in examining Medicaid financing reform proposals?
- Briefs on Medicaid's interactions with other programs?



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