



Protect Access to Behavioral Health Services in Medicaid

What is Medicaid and Who Does it Cover?

Medicaid¹ is the health care insurance program for low-income children, adults, and people with disabilities jointly funded by the federal government and the states.

Despite ongoing beneficiary challenges to accessing treatment, Medicaid remains the largest single payor of behavioral health services in the U.S. health care system.^{2,3} Additionally, Medicaid covers:

- 41% of all births in the United States,
- 5 in 8 nursing home residents,
- Nearly a quarter of all non-elderly adults with any mental illness, and
- Over one-third (38.8%) of all children in the U.S.

Medicaid is also a critical source of coverage for many people of color (60% of all non-elderly enrollees), and women (57%). Medicaid is also a lifeline for many school-age children in the U.S.; all 50 states rely on Medicaid to help cover the cost of physical, mental, and behavioral health services outlined in the Individualized Education Plan (IEP) for children with disabilities, and at least 25 states rely on Medicaid to cover services for other eligible children in school-based health care programs.

However, most undocumented immigrants are ineligible for Medicaid coverage, although certain “qualified non-citizens”—including asylees, refugees, lawful permanent residents, and victims of human trafficking—are *potentially* eligible.⁴

How is Medicaid Funded and What Does It Cover?

Through this coverage, many low-income families and individuals with disabilities can access early intervention and preventative care services, which helps avert the need for treatment of higher-cost chronic conditions. For example, through its Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit, children under age 21 have access to medically necessary physical and behavioral health treatment.

States allocate funding through their legislative process and Congress matches the funding through a federal matching assistance percentage (FMAP). Each state is largely responsible for defining eligibility for and

¹ Congressional Research Service (April 20, 2023). Medicaid Primer, <https://crsreports.congress.gov/product/pdf/IF/IF10322>.

² Medicaid and CHIP Payment and Access Commission, June 2021 Report to Congress on Medicaid and CHIP, Chapter 2, <https://www.macpac.gov/wp-content/uploads/2021/06/Chapter-2-Access-to-Mental-Health-Services-for-Adults-Covered-by-Medicaid.pdf>.

³ Kaiser Family Foundation (May 28, 2024), Medicaid 101, <https://www.kff.org/health-policy-101-medicaid/?entry=table-of-contents-introduction>.

⁴ Kaiser Family Foundation (2023). Key Facts on Health Coverage of Immigrants, <https://www.kff.org/racial-equity-and-health-policy/fact-sheet/key-facts-on-health-coverage-of-immigrants/>.

administering its own Medicaid program, subject to certain minimum coverage guidelines outlined by Congress and CMS, such as inpatient and outpatient hospital services, rural health clinics and more.

As a result of this flexibility, this is a program that sees a lot of innovation at the state level. For example, states can request **waivers** from general Medicaid requirements from CMS to operate programs that meet specified needs and populations. Most states also use these waivers to establish **managed care systems** for at least a portion of the services or populations covered under the state's Medicaid program to help contain the costs of the program and target needs unique to the state.

What Can Congress Do Now?

We ask that Congress **reject** efforts to curtail the Medicaid program in the 119th Congress. This includes efforts to convert the program into a block grant and imposing new work requirements as a condition of eligibility for the program.

Block granting⁵ is a proposal that would convert the current funding structure for Medicaid into a fixed pool of federal funds for each state to help operate their Medicaid programs. The amount in this funding pool is determined irrespective of the state's actual costs in operating the program, and states would bear 100% of the remaining costs for their Medicaid programs.

- This leaves states in the position of cutting eligibility and benefits for enrollees, as well as reimbursement rates for providers enrolled in the program, to meet state statutory or constitutional budget mandates.
- As a result, many adults and children—particularly those in underserved communities or those with disabilities—would face reductions or terminations in coverage for critical health care services.

Work requirements⁶ are a new eligibility restriction potentially under consideration. However, as demonstrated by states' past experiences with work requirements, they serve no practical function in assessing an individual's eligibility for Medicaid and only divert more resources toward administration of the program.

- 61% of Medicaid enrollees are already working part-time or full-time.⁷
- Another 11% of Medicaid enrollees have a functional disability or serious illness that prevents them from working.
- In Arkansas, where work requirements have been implemented with consequences for noncompliance, over 18,000 individuals lost coverage in only five months, with many enrollees unaware or confused by the new requirements.⁸
 - Others reported⁹ technical difficulties in utilizing the systems and administrative processes required to report compliance with the new requirements.

⁵ First Focus on Children (2023). Policy Brief: Why Medicaid Block Grants are a Bad Idea for the Nation's Children. <https://firstfocus.org/resource/policy-brief-why-medicaid-block-grants-are-a-bad-idea-for-the-nations-children/>.

⁶ The Commonwealth Fund (2024). Work Requirements for Medicaid Enrollees, <https://www.commonwealthfund.org/publications/explainer/2024/apr/work-requirements-medicaid-enrollees>.

⁷ Kaiser Family Foundation (2023). Understanding the Intersection of Medicaid and Work: A Look at What the Data Say, <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-work-a-look-at-what-the-data-say/>.

⁸ Kaiser Family Foundation (2018). Medicaid Work Requirements in Arkansas: Experience and Perspectives of Enrollees, <https://www.kff.org/medicaid/issue-brief/medicaid-work-requirements-in-arkansas-experience-and-perspectives-of-enrollees/>.

⁹ Kaiser Family Foundation (2019). Disability and Technical Issues Were Key Barriers to Meeting Arkansas' Medicaid Work and Reporting Requirements in 2018, <https://www.kff.org/report-section/disability-and-technical-issues-were-key-barriers-to-meeting-arkansas-medicaid-work-and-reporting-requirements-in-2018-issue-brief/>.