

Medicaid Coverage of Substance Abuse



What substance abuse treatment services would Medicaid cover?

Some treatment services to be covered under Medicaid include inpatient detox, long-term or short-term residential care, intensive outpatient and outpatient treatment, and individual and family counseling and intervention. Clients would also be able to access an initial assessment, screening, and treatment plan development with a physician, psychologist, nurse, or certified addictions counselor.

Would coverage of substance abuse treatment increase overall Medicaid costs?

No. Coverage of substance abuse treatment services should not increase overall Medicaid costs because of cost savings in other medical expenses for clients who need treatment. If the federal Centers for Medicaid and Medicare Services approved the addition of these services, NM could receive federal matching funds at \$3:\$1.

- A study of Washington state's Medicaid program found that the provision of substance abuse treatment was associated with a reduction ($p < .01$) in medical expenses of approximately \$2,500 annually. This estimated savings equaled the cost of treatment and represented approximately 35 percent of the annual Medicaid expenses incurred by welfare clients with substance abuse problems.ⁱ
- Nationally, patients' medical costs decreased by 30 percent on average between the year prior to substance abuse treatment intake and the third year following intake. Both Medicaid and non-Medicaid patients showed average declines of 30 percent in medical costs from the baseline period to the third year following treatment initiation.
- Cost trends reflect declines in the use of hospital days, emergency department visits and outpatient visits. Both the Medicaid and non-Medicaid patients demonstrated declines in all types of visits, while a comparison group (that did not show evidence of chemical dependency problems) experienced no such declines.ⁱⁱ

Why is Medicaid coverage of substance abuse treatment so important?

Between 2003 and 2004, cost or lack of insurance was the most common reason for not receiving treatment in a national survey. Among those who made an unsuccessful effort to get treatment, over 40 percent reported cost or insurance barriers as the reason for not receiving care.ⁱⁱⁱ

Every dollar invested in substance abuse treatment saves taxpayers \$7.46 in societal costs (crime, violence, loss of productivity, etc.).^{iv} With some outpatient treatment programs, total savings can exceed costs by a ratio of 12:1.

Does New Mexico need more substance abuse treatment?

Yes! New Mexico...

- ...had the highest rate of any state of illicit drug dependence or abuse in the past year (3.7 %) among persons aged 12 or older in 2003-2004.
- ...ranked second in the nation for the rate of persons aged 12 or older who need but do not receive treatment for illicit drug use in 2003-2004. (3.43%, or over 60,000 people)
- ... had the fourth highest rate in the nation of past year alcohol dependence or abuse (9.8%) among persons aged 12 or older in 2003-2004.
- ...ranked fifth in the nation for the rate of persons aged 12 or older who need but do not receive treatment for alcohol use in 2003-2004. (9.12%, or over 160,000 people)^v

What are some of the costs of untreated substance abuse in New Mexico?

Untreated substance abuse is one of the most serious problems facing our state. It negatively impacts the productivity, public safety, health, and well-being of New Mexicans, and contributes to issues such as HIV and hepatitis C transmission, domestic violence, crime, poverty, injuries, and destroys lives and families.

- Nine of the 10 leading causes of death in New Mexico are at least partially caused by alcohol, tobacco, or other drug use.^{vi}
- New Mexico's alcohol-related chronic liver disease death rate has increased by 24% over the past two decades, although the rate for the nation as a whole has decreased by 21%.^{vii} More generally, alcohol and drug abuse contribute to overall rates of substance abuse-related deaths in New Mexico that have been among the highest in the nation for the past two decades.^{viii}
- Children and youth have alarming rates of substance abuse that may carry over into adulthood,^{ix} and are placed at greater risk for substance abuse by parental substance abuse or other forms of abuse.
- Many grandparents in New Mexico are raising grandchildren because of substance abuse among the children's parents.
- The Native American alcohol-related death rate in New Mexico is nearly twice that of Hispanics and nearly three-times that of White Non-Hispanics.^x
- The Hispanic population is significantly impacted by both alcohol and drug abuse. Hispanic males suffer high rates of abuse while Hispanic females have difficulty accessing treatment services for cultural reasons. xi

What does Medicaid currently cover?

Until 1998, NM Medicaid covered a wider range of substance abuse treatment services. Medicaid currently covers 12 outpatient sessions for people who abuse alcohol, and some treatment services for youth. The Governor's Interagency Substance Abuse Task Force recommended in 2005 that the use of Medicaid funding for substance abuse-related treatment services should be enhanced.^{xi}

ⁱ Wickizer TM, et al. *The effect of substance abuse treatment on Medicaid expenditures among general assistance welfare clients in Washington state.* Milbank Q. 2006;84(3):555-76.

ⁱⁱ Robert Wood Johnson Foundation Research Highlight. *Treatment of Chemical Dependency May Reduce Medical Utilization and Costs.* Number 6, August 2006.

ⁱⁱⁱ Department of Health and Human Services. *Overview of Findings from the 2004 National Survey on Drug Use and Health,* revisions as of 9/8/2005.

^{iv} Rydell, C.P. Everingham, S.S.. *Controlling Cocaine, Prepared for the Office of National Drug Control Policy and the United States Army, Santa Monica, Drug Policy Research Center, RAND Corporation, 1994, p. xvi.*

^v Wright, D., & Sathe, N. (2006). *State Estimates of Substance Use from the 2003–2004 National Surveys on Drug Use and Health* (DHHS Publication No. SMA 06-4142, NSDUH Series H-29). Rockville, MD: Substance Abuse and Mental Health Services Administration, Office of Applied Studies.

^{vi} New Mexico Department of Health, Substance Abuse Epidemiology Unit. (2005). *Draft Strategic Prevention Framework, State Incentive Grant (SPF-SIG): New Mexico State Epidemiology Profile.* Available at: <http://captus.samhsa.gov/southwest/documents/SPFSIGNMStateEpiReportTemplate19a.pdf>.

^{vii} Centers for Disease Control and Prevention. CDC Wonder. Available at: <http://wonder.cdc.gov>.

^{viii} Substance Abuse and Mental Health Services Administration, Office of Applied Studies. *2004 National Survey on Drug Use and Health.* Available at: <http://www.drugabusestatistics.samhsa.gov/nsduh.htm#NSDUHinfo>.

^{ix} Substance Abuse and Mental Health Services Administration, Office of Applied Studies. (2002). "Results from the 2001 National Household Survey on Drug Abuse: Volume I. Summary of National Findings." Available at: <http://www.oas.samhsa.gov/nhsda/2k1nhsda/PDF/cover.pdf>.

^x New Mexico Department of Health, Substance Abuse Epidemiology Unit. (2005). "Draft Strategic Prevention Framework, State Incentive Grant (SPF-SIG): New Mexico State Epidemiology Profile." Available at: <http://captus.samhsa.gov/southwest/documents/SPFSIGNMStateEpiReportTemplate19a.pdf>.

^{xi} Governor's Interagency Substance Abuse Task Force. *Substance Abuse in New Mexico.* December 19, 2005.