

THE IMPACT OF STRENGTHENING MEDICAID ON MISSOURI'S MENTAL HEALTH SYSTEM



March 2013

BACKGROUND: THE MEDICAID OPTION

- Missouri has the option to extend Medicaid health insurance coverage to individuals ages 19 through 64 with income up to 138% of the federal poverty level (about \$32,500 for a family of four).
- An additional 300,000 Missourians would be eligible for Medicaid, including an estimated 50,000 adults with mental illness and/or substance use disorders and as many as 40,000 adults with developmental disabilities.
- The ongoing federal and state matching requirement for the expanded population is 90%/10%, instead of the 60%/40% rate in the current Medicaid program.
- ***As an additional incentive, states have no matching requirement during 2014, 2015 and 2016.*** If a state decides not to extend Medicaid coverage in 2014, it loses the federal revenue it would have received for that year. Beginning in 2017, the state match rate is 5%, increasing to 10% in 2020.

BACKGROUND: THE MEDICAID OPTION

- ✚ The insurance coverage provided under the Medicaid expansion will be comparable to a typical private insurance plan in the state.
- ✚ If a person is considered *Medically Frail* (i.e., disabled, serious mental illness) and needs more intensive services such as specialized mental health services, s/he will receive additional services from the state's regular Medicaid program, but still funded at the enhanced federal match rate.
- ✚ To help offset the costs of extending Medicaid coverage, federal reimbursements for "*uncompensated care*" for indigent hospital patients, called Disproportionate Share Hospital (DSH) payments, will be reduced by 50%, since Congress assumed that many uninsured people will now be covered by Medicaid.



CAN THE STATE AFFORD TO EXTEND MEDICAID COVERAGE TO 300,000 UNINSURED MISSOURIANS?

- Missouri's share of the expansion costs in FY 2021 (first fiscal year of full 10% state match responsibility) is about \$250 million, *but there are major cost offsets:*
 - ▶ Provider taxes now paid by Missouri's hospitals, nursing homes, pharmacies, home health services, and other revenue sources will cover over \$115 million of Missouri's matching costs;
 - ▶ Missouri will save \$78 million annually as people obtain coverage, because some groups now covered at full state cost or at the 60%/40% match rate will move to the new 90%/10% match rate; and,
 - ▶ Conservative estimates are that new state tax revenues from dollars infused into Missouri's economy (\$1.8 billion in the first year, increasing to over \$2 billion annually) will generate \$62 million annually in state tax revenues - not even counting new local tax revenues.
 - ▶ ***The expansion will actually save Missouri money, not cost Missouri money.***



WHAT HAPPENS IF MISSOURI EXTENDS MEDICAID?

- Hospitals serving newly eligible individuals will receive Medicaid reimbursements to offset their loss of DSH funding.
- \$5.7 billion in federal funding would come to Missouri to provide health coverage to an additional 300,000 Missourians over the next three years - at no cost to the state.
- A University of Missouri study says extending Medicaid in Missouri will generate 24,000 new jobs for the state in healthcare and related professions.
- Local communities will have more health care professionals and more local tax revenues.



WHAT HAPPENS TO MENTAL HEALTH SERVICES IF MISSOURI EXTENDS MEDICAID?

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- 50,000 Missouri adults ages 18-64 would receive behavioral health services through DMH-funded community treatment programs.
 - An estimated 40,000 adults with developmental disabilities (DD) would be newly eligible for Medicaid health insurance. Those determined Medically Frail would also receive DMH-DD services.
 - Individuals with behavioral health disorders will receive ongoing treatment at community-based clinic settings rather than through Emergency Rooms and other expensive crisis systems.
 - Missouri has lost over 1,400 hospital acute psychiatric inpatient beds since 1990 and has only 1,174 adult beds left (people ages 18-64). With additional people covered through Medicaid, community hospitals may open additional psychiatric inpatient beds.



AND NOW THE REST OF THE STORY

*What happens if Missouri
does not extend Medicaid
eligibility to 138% of the
federal poverty level?*



A COMING CRISIS IN MISSOURI'S ADULT PSYCHIATRIC INPATIENT BEDS: FOUR MISSOURI COMMUNITY HOSPITAL EXAMPLES

 Expected DSH loss for four Missouri hospitals

Hospital	Annual DSH Reimbursement (average over last 4 years)	Hospital's Expected DSH Loss (50% of annual average)
CoxHealth-Springfield	\$19,794,075	\$9,897,038
SSM St. Joseph Health Ctr.- St. Charles/Wentzville	\$8,304,400	\$4,152,200
Truman Medical Center- Lakewood	\$21,224,123	\$10,612,062
Twin Rivers Regional Medical Center-Kennett	\$1,916,201	\$958,101



A COMING CRISIS IN MISSOURI'S ADULT PSYCHIATRIC INPATIENT BEDS: FOUR MISSOURI COMMUNITY HOSPITAL EXAMPLES

Hospital	# of Total Hospital Beds	# of Adult Psychiatric Inpatient Beds	% of all Hospital's Patients who are Uninsured	% of Adult Psychiatric Patients who are Uninsured	% of Hospital's Total Indigent Care Days Accrued on Adult Psych Units
Cox Health-Springfield	646	42	9.0%	30.9%	23.8%
SSM St. Joseph Health Center-St. Charles/Wentzville	331	61	9.4%	28.8%	58.2%
Truman Medical Center-Lakewood	310	28	17.9%	23.7%	46.7%
Twin Rivers Regional Medical Center-Kennett	116	12	6.7%	18.2%	52.2%



WHAT HAPPENS TO MISSOURI'S MENTAL HEALTH SYSTEM IF THE STATE FAILS TO EXTEND MEDICAID COVERAGE?

- ✚ 50,000 Missourians needing behavioral health services and as many as 40,000 individuals with developmental disabilities will continue to have no health coverage.
- ✚ Missouri hospitals will lose over \$250 million annually in federal charity care funding, whether or not Missouri chooses to expand Medicaid. Community hospitals will close their adult acute psychiatric beds to offset the loss of charity care funds.
- ✚ 1,778 adults served by DMH-DD with a dual diagnosis of MI/DD received inpatient psychiatric care last year. It may be unavailable in the future.
- ✚ Clinicians specializing in mental health care will leave the rural areas.
- ✚ Law enforcement officials will have to transport people in mental illness crisis greater distances to find psychiatric inpatient beds.
- ✚ More people with mental illness will end up in city and county jails, and in state correctional facilities.



QUOTES FROM HOSPITAL LEADERS AND COUNTY LAW ENFORCEMENT OFFICIALS

“One of my worries is that hospitals will look at areas where they can make cuts, and areas of behavioral health are going to be likely targets from a financial perspective. It seems inevitable that without Medicaid expansion, hospitals will be forced to contemplate reducing psychiatric beds.”

Steve Edwards
President and CEO, CoxHealth

“Because of the lack of mental health beds, county jails have become the new community mental health units for many individuals who, after not receiving treatment . . . will commit crimes that cause them to be arrested and subsequently incarcerated. While incarcerated, they continue to not receive any treatment for their mental illness. It is truly an injustice . . . a person with mental illness is in a continuous revolving door of community, law enforcement and mental health services.”

Kent Oberkrom
Henry County Sheriff and
President of the Missouri Sheriff’s Association



QUOTES FROM HOSPITAL LEADERS AND COUNTY LAW ENFORCEMENT OFFICIALS

“In Jefferson County, we are seeing a lot more mentally ill people and substance abusers in our county jail who would be better dealt with by a mental health center. Our local mental health center does not have the capacity to take care of all those who need care in a timely basis. Forensic evaluations are very difficult to get and when we have to take someone to a hospital for a 96 hour hold, it removes a deputy from other duties and therefore affects public safety.”

Glen Boyer
Jefferson County Sheriff

“When we receive a 96 hour order from the Probate Court, we transport to either Poplar Bluff or West Plains, whichever has a bed open at the time. . . . This has taken up to 5 and 6 hours [in the emergency room]; then another several hours to be admitted. On many occasions, my office only has one deputy on duty for the entire county . . .”

Tommy Greenwell
Pemiscot County Sheriff

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A CALL TO ACTION