

Behavioral Health Coverage

Medicaid Issue Brief



Since the COVID-19 pandemic, more Americans of all ages are seeking mental health care – stretching capacity to its limits. Mental health related [emergency care visits have dramatically increased for children and teenagers](#). The rate of [pediatric ER visits for suicide is now double](#) pre-pandemic levels. According to a recent poll, [25% of U.S. adults are so stressed they cannot function](#).

The problem: In the private market, fully insured plans are required to provide comprehensive mental health coverage as a result of mental health parity laws. However, the same continuum of mental health care is not available in Texas Medicaid.

Why it matters: Medicaid covers over 50% of children in Texas. As a result, Texas Medicaid is one of the best opportunities to improve access to mental health services and coverage throughout the state.

The solution: Texas Medicaid should cover the full continuum of mental health benefits. Many of these services are already covered in the private health insurance market but are limited in Medicaid. While the legislature attempted to cover many of these services in 2019 as optional benefits that were “in lieu of” hospital benefits, none have been implemented, and other mental health services are not consistently available for all Texas Medicaid families. As a result, Medicaid only covers two extremes, therapy or inpatient hospitalization, but nothing else in between, such as home and community-based mental health services. Comprehensive Medicaid coverage of mental health services will help Medicaid families get the care they need, when and where they need it, and can prevent the need for more intensive, costly hospital-based services.

Medicaid coverage solutions:

- **Texas Medicaid lacks intensive facility or clinic-based mental health care coverage:** These are “step-down” services following an individual’s inpatient hospital stay. These include intensive outpatient programs and partial hospitalization programs for children and adults. These programs are designed for individuals whose situations do not need full inpatient care nor

the length of stay that is typical of residential treatment. Additionally, these services allow youth to continue living in their homes and community. Another way to think of these programs are mental health “dayhab” for Medicaid youth. These programs already exist in the private health insurance market, but are limited in Medicaid. ***Establish and fund Intensive outpatient and partial hospitalization programs as Medicaid benefits instead of in-lieu-of services (ILOS).***

(**Note:** Intensive outpatient and partial hospitalization programs are part of the behavioral health ILOS package in SB 1177 (86R) and implementation will occur December 2022. However, streamlining this coverage as a traditional Medicaid benefit across all MCOs will ensure better access to mental health services and may reduce hospitalization costs that result when no alternatives are available.)

- **Texas Medicaid lacks intensive community-based care coverage for youth who are in the juvenile justice system or at risk for criminal behavior.** These gaps have led to Texas using the state’s juvenile justice system as a mental health care provider. Evidence-based prevention and intervention programs like functional family therapy and multisystemic therapy are short-term, high-quality services that can be provided in the community for youth with mild to severe behavior problems. Coverage is available in the private market for these therapies, but the most at-risk youth in need of these services are youth in Medicaid. ***Establish and fund functional family therapy and multisystemic therapy as Medicaid benefits instead of ILOS.***

(**Note:** As part of SB 1711, HHSC has already determined these are evidence-based programs, meaning they are effective at reducing delinquency and antisocial behaviors in youth. HHSC is currently reviewing these for cost-effectiveness to develop rates and no implementation date is scheduled. Streamlining functional family therapy and multisystemic therapy

as Medicaid benefits provide at-risk youth the same intervention opportunity across the state.)

- **Texas Medicaid lacks comprehensive crisis services coverage:** Youth and adults experiencing a significant mental health or psychiatric crisis often have only one option for stabilization - an emergency room. As a result, many of these Texans are receiving help too late and often in the most expensive setting. Mobile crisis stabilization services and crisis respite services provide an alternative to inpatient stays, which may not be focused on addressing mental health needs.

Children's hospitals can provide mobile, short-term, face-to-face, therapeutic responses to youth experiencing a behavioral health crisis to identify, assess, treat, and stabilize a situation and reduce immediate risks of danger.

Crisis respite services create a broader range of crisis stabilization options that can occur in families' homes and outpatient settings. Crisis respite services provide brief support for youth and adults with mental health needs or significant behavioral and psychiatric challenges who are experiencing a crisis but exhibit a low risk of harm to themselves or others. Services can range from least intensive (up to 72 hours of in-home observation) to most intensive (up to 48 hours of facility observation) based on the person's needs. ***Establish and fund pediatric mobile stabilization services and in-home and out-of-home crisis respite services as Medicaid benefits instead of ILOS.***

(Note: HHSC has already determined that crisis respite services are evidence-based and cost-effective as an ILOS, but CMS has delayed coverage and is still reviewing this option. HHSC has no timeline for the implementation of mobile crisis outreach teams. Some of these crisis stabilization services are available at LMHAs and some hospitals, but streamlining these as Medicaid benefits would provide statewide support to individuals with intellectual and developmental disabilities with significant behavioral and psychiatric challenges.)

- **Texas Medicaid lacks psychiatric residential coverage and access for youth:** Psychiatric residential treatment facilities are for children and youth who need intensive psychiatric care but do not require the level of care an inpatient hospital provides. The average length of stay in a private facility is 3-6 months. While most private health insurance covers these services, Texas Medicaid does not provide coverage for these facilities. Additionally, Texas does not have enough of these facilities, creating an access to care problem. One of the main obstacles to increasing access and coverage for these services is that the current Texas licensure does not meet [federal Medicaid requirements](#), which require a medical director on staff 24/7. This licensure issue also negatively impacts access to these services in the private health insurance market, and as a result, most families must find these services out-of-state. ***Texas should require that licensure from psychiatric residential treatment facilities meets all federal Medicaid requirements and include these services as a Medicaid benefit.***

(Note: Psychiatric residential treatment facilities are the mental health version of residential treatment facilities that are more commonly seen in Texas for foster care placement or for substance abuse treatment. In Texas, these facilities are also sometimes referred to as private residential psychiatric treatment facilities. While residential treatment for substance abuse disorder has been covered as an ILOS in Medicaid for quite some time, it is not covered for mental health services.)

- **Texas Medicaid lacks inpatient psychiatric coverage for adults:** Historically, federal regulations have prohibited states from covering stays in psychiatric hospitals or residential treatment settings with more than 16 beds for longer than 15 days for adults ages 21-64. This is known as the institutions of mental disease (IMD) exclusion. IMDs focus primarily on providing diagnosis, treatment, or care to persons with intense behavioral health needs, and this type of benefit is available in the private health insurance market. In Medicaid, the IMD exclusion increases ER visits and

associated costs, creates confusion for facilities that need to determine whether an individual has already received the maximum limit of inpatient care elsewhere, and inhibits continuity of care. States can now seek an 1115 Medicaid waiver to the IMD exclusion. At least six states have received an 1115 waiver from the IMD exclusion. ***Direct HHSC to submit an 1115 waiver application to the IMD exclusion.***

(Note: Medicaid is required to cover private MH hospitals for children under 21 and adults over 64. However, adults ages 22-64 with serious mental illness can only seek this level of mental health treatment through a traditional hospital, where an individual's physical health needs must take priority.)