Medicaid Expansion and Behavioral Health in Nebraska
Nebraska Appleseed

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Behavioral health needs—a term which includes both mental health and substance use disorders—impact the lives of many Nebraskans. An estimated 26.2% of Nebraskans between the ages of 18 and 64 experienced a mental illness or substance use disorder in the past year.¹ Because of the large number of Nebraskans impacted by behavioral health issues, access to behavioral health services intersects with many areas of state policy. Efforts to reform the state’s corrections system, address poverty, and promote high-quality early childhood experiences all involve a behavioral health care element. In coming years, policymakers will undoubtedly demonstrate a continued interest in access to behavioral health services.

Access to health insurance is closely tied to access to health care. Studies show that a lack of health insurance leads people to go without necessary care, including preventive care and treatment for chronic conditions.² However, many Nebraskans with behavioral health needs are uninsured and stuck in the “coverage gap.” They do not qualify for Medicaid because they make too much money for the very low income limits for parents or do not fit into one of the traditional eligibility categories, like being pregnant or having a disability.³ At the same time, these people do not make enough money to qualify for subsidies on the Health Insurance Marketplace to make private health insurance affordable for them.⁴

Nearly one-third of Nebraska’s uninsured population with income below 138% of the Federal Poverty Level (FPL) has a mental illness or substance use disorder.⁵ Without health insurance, people in this situation

Paulette raised five children as a single mother and graduated college. She’s a hard-working role model to her family, but chronic health needs have recently affected her work schedule. Expanding Medicaid would let her see a doctor, get healthy, and get back to work full time.
may forgo care altogether or attempt to piece together a variety of state and locally funded services, which can make continuity and coordination of care difficult. When people cannot access the care they need, the state sees the consequences in the form of higher corrections costs and children growing up in homes without the support they need.

Accordingly, Medicaid expansion must be part of policy strategies aimed at increasing access to behavioral health services. Studies have shown that expanding Medicaid can reduce unmet behavioral health needs of individuals with low incomes by providing a consistent source of health coverage.\(^6\)

Furthermore, Medicaid plans must provide mental health and substance use disorder services, and federal law requires parity in physical health and behavioral health benefits offered under Medicaid.\(^7\) Through Medicaid expansion, Nebraska has the opportunity to improve access to high-quality behavioral health coverage and leverage federal funds to do so, up to 90% of the cost of insuring those in the coverage gap.

**Medicaid expansion can increase access to behavioral health services.**

A significant number of people in the coverage gap have behavioral health needs but cannot access insurance coverage. In Nebraska, there are an estimated 21,000 uninsured individuals with incomes below 138% FPL who experienced a mental illness or a substance use disorder in 2014.\(^7\)

Without health insurance, those in the coverage gap with a behavioral health need must utilize “a patchwork of services through state and local behavioral health programs.”\(^9\) This can make accessing needed care, like screenings, treatment, and prescription drugs, very difficult, if not impossible. While some services may be accessed for free or at a reduced cost, all other costs must be paid out of pocket and compete for a place in tight budgets with necessities like rent or food.

As a result, uninsured, low-income parents, many of whom are in the coverage gap, report high rates of going without the treatment they need, including 16.2% reporting foregoing

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medical care, 19.2% not filling prescriptions, and 5.3% not accessing mental health care.\textsuperscript{10}

By expanding Medicaid, Nebraska has the opportunity to increase access to comprehensive, high quality health coverage. Health insurance has been shown to be connected to increased treatment rates. Notably, Medicaid has been demonstrated to lead to higher rates of behavioral health treatment and “a reduction in the unmet need for mental health and substance use disorder treatment.”\textsuperscript{11} Studies have shown that utilization of mental health services “is responsive to prices which are generally lower with insurance,” and Medicaid enrollees have a higher likelihood of accessing treatment.\textsuperscript{12} Specifically, through Medicaid expansion, low-income adults with a serious mental illness are 30% more likely to receive treatment.\textsuperscript{13} This could translate into 4,000 fewer Nebraskans experiencing symptoms of depression and 6,000 more Nebraskans reporting good, very good, or excellent health.\textsuperscript{14} Medicaid’s association to reduced rates of depression is “in part due to increased access to screening and treatment as well as the increased financial stability that Medicaid provides families.”\textsuperscript{15}

**Medicaid expansion can bolster efforts to promote high quality early childhood experiences.**

**A state’s decision** to expand Medicaid eligibility most-directly impacts uninsured adults who become newly eligible for coverage. However, Medicaid expansion can have considerable indirect impacts on children in homes with uninsured parents, especially parents with behavioral health needs.

Currently, under Nebraska’s Medicaid program, some very low-income parents are able to enroll in Medicaid coverage. In order to be eligible, they must have incomes below 58% FPL, or $974 a month for a family of three. Parents who make 100% FPL or more, or $1,680 a month for a family of three, are able to qualify for the Health Insurance Marketplace subsidies to make insurance more affordable. However, parents with incomes between 58% FPL and 100% FPL do not have a pathway to health coverage. This lack of health insurance can be detrimental both to parents and their children.

Studies have shown positive benefits for children when their parents become insured. Children whose parents become insured are more likely to become insured themselves.\textsuperscript{16}
Recent data shows that, after the Affordable Care Act went into effect, “[c]hildren living in Medicaid expansion states had nearly double the rate of improvement in their uninsured rates than children in non-expansion states.”17 Specifically, expansion states saw a 21.7% decline in children’s uninsured rates, compared with an 11.6% decline in non-expansion states.18 This decline is likely due to a phenomenon referred to as the “welcome mat effect”—parents sign their children up for insurance when they enroll themselves in coverage that was previously unavailable.19

In addition to potentially increasing the number of insured children, Medicaid expansion can positively impact children through providing their parents with access to the care they need to maintain their own physical and behavioral health. The ability of parents to maintain their own health is crucial to a child’s development.20 Providing low-income parents with access to behavioral health services is key to ensuring children are healthy and have the support they need.

A recent report from the Georgetown Center for Children and Families and the Center for Law and Social Policy explains the importance of Medicaid expansion in providing low-income mothers with mental health treatment. Low-income parents, especially mothers, report high rates of mental health needs. Specifically, maternal depression, a problem that “interferes with a parent’s capacity to help a child develop and that stymies efforts to escape poverty,” is a significant problem nationally, especially among low-income mothers of young children.21 Of all mothers with children under age five, 15% have experienced major depression, with 8% experiencing it within the last year.22 When looking at rates of depression among low-income mothers, the rates are even higher; half of infants in low-income households (under 200% FPL) have a mother experiencing symptoms of depression.23
Lack of health insurance can create insurmountable obstacles to accessing treatment. Studies have shown that low-income parents without insurance have high rates of unmet health needs and that uninsured low-income mothers have considerably lower rates of treatment for depression than insured mothers of similar socioeconomic backgrounds. Un-treated depression can create challenges in maintaining employment, supporting one’s family, and creating a home environment that fosters healthy development for children. However, studies have also shown that treatment for mental health issues has a positive impact on child health and development. Specifically, mothers who receive treatment for depression “can mitigate the development of emotional and behavioral disorders by their children” and better manage chronic health conditions, like asthma, experienced by their children.

By expanding Medicaid eligibility, Nebraska has the opportunity to open doors to health care services for many low-income parents. Providing parents with access to behavioral health treatment has the potential to translate into better childhood experiences and healthier children.

**Medicaid expansion supports corrections system reform efforts**

**Nebraska could save at least $10 million a year in corrections costs through Medicaid expansion.**

Comprehensive corrections system reform is a priority among Nebraska’s legislators. Previous legislative efforts, such as LB 907 (2014) and LB 605 (2015), have attempted to address issues like overcrowding, recidivism and public safety, and corrections costs. There is broad consensus that corrections system reform must involve a health care component. However, absent Medicaid expansion, it is unclear how many individuals involved with the criminal justice system will have access to health care. By expanding Medicaid eligibility, Nebraska can leverage federal dollars for corrections system reform while improving the health of former inmates and communities. Nebraska could save at least $11 million a year in corrections costs through Medicaid expansion.

Individuals involved with the criminal justice system have high rates of behavioral health needs but low rates of insurance coverage. Nationally, over half of state and federal prisoners and jail inmates have mental health needs. Additionally, the justice-involved population has high rates of substance use disorders, as “two-thirds of inmates and about one-third of adults on probation or parole meet clinical criteria for a substance use disorder.”
Alcohol is involved in more than half of all incarcerations, and drugs are involved in three-fourths of prison and jail stays. Moreover, behavioral health needs often manifest themselves along with physical health needs in this population, who experience behavioral health conditions, chronic health conditions, and infectious diseases at rates roughly seven times that of the general population. At the same time, individuals involved with the criminal justice system are frequently uninsured. An estimated 90% of individuals who have spent time in jail or prison do not have health insurance.

In order to reduce prison overcrowding and costs and to address public safety concerns, recidivism must be addressed. Studies strongly demonstrate that the period immediately following re-entry is critical and presents numerous challenges, including managing health conditions. Nearly one-third of all former inmates re-offend in the first six months of reentry. Having individuals cycle in and out of the corrections system can create public safety risks and elevate corrections system costs.

Studies have shown that providing former inmates with access to health care, particularly behavioral health treatment, at reentry can reduce recidivism. For example, in Michigan, recidivism rates were cut in half—going from 50% in 1998 to 22.5% in 2012—through a state reentry program that included health care. Additionally, Washington state found that investing state funds in substance abuse treatment for adults led to large reductions in arrests.

However, under Nebraska’s current Medicaid program, many individuals reentering their communities will fall in the coverage gap. They will have to pay for care out of pocket, try to piece together state-funded services, or forgo care altogether. Through Medicaid expansion, many individuals reentering the community would have access to insurance coverage. This could have a considerable impact on recidivism. It is estimated that Medicaid expansion would prevent 400 Nebraskans a year from returning to prison.

Additionally, Medicaid expansion can build on already existing reforms. In 2015, the Legislature passed LB 605, which, in part, allowed for the suspension, rather than termination, of Medicaid eligibility for those entering the criminal justice system. This means that Medicaid-enrolled individuals who enter corrections facilities can have their Medicaid eligibility suspended rather than terminated at the point of entry. At the point of exiting the facility, their Medicaid eligibility can be reactivated, avoiding disruptions in treatments received in the corrections.
facility. However, without Medicaid expansion, many who enter corrections facilities are uninsured and will likely leave facilities uninsured and unable to continue treatments. Nebraska will not see the full benefit of this policy change without Medicaid expansion.

Through Medicaid expansion, at least 90% of the costs of behavioral health treatment for those reentering the community would be federally-funded. Nebraska already invests in behavioral health treatment for individuals reentering the community and is considering additional reforms that will likely require further investments. Federal dollars could be leveraged to pay for these investments, rather than using state and county funds that could be used for other state investments. Through drawing down federal dollars to pay for behavioral health treatment and reduced recidivism, Medicaid expansion could save Nebraska an estimated $11 million a year.41

**Medicaid expansion can positively impact Nebraska’s budget and health care delivery system.**

**Behavioral health** makes up a significant portion of the state budget, receiving more than $64 million in FY2015-2016 from the state General Fund.42 The state provides funding to the Behavioral Health Regions to deliver care for those who are uninsured or for services that Medicaid does not cover.43 The Nebraska Association of Regional Administrators estimated that nearly all—93.2%--of the individuals the Regions serve have incomes below 138% FPL.44 By expanding Medicaid, Nebraska could leverage federal dollars to pay for care that is currently funded with state-only dollars. An estimated $37 million could be saved annually through covering those served with state behavioral health aid under Medicaid expansion.45

This significant amount of money could both cover part of the cost of expansion and be reinvested in the state’s health care delivery system to promote effective, innovative models of delivering care. The integration of behavioral health care and primary care has long been a challenge for safety-net providers, and increased resources through Medicaid expansion can support integration efforts.46

A recent study comparing safety-net providers in
expansion and non-expansion states found that the greater financial stability from Medicaid expansion can lead to more-effective, more-coordinated care.\textsuperscript{47} Through having more paying patients, providers in expansion states had more resources to put toward better integration, such as through hiring additional clinical staff and social workers.\textsuperscript{68} The additional resources brought in through Medicaid expansion have simply allowed providers to do things they would have otherwise been unable to do if they were so concerned about their financial bottom line.

Access to behavioral health services is and will continue to be a priority among Nebraska’s legislators. Through expanding Medicaid eligibility, Nebraska has the opportunity to draw down federal funds to increase access to behavioral health treatment. Increased access to behavioral health treatment has the potential to improve the lives of many Nebraskans and their children, support corrections reform efforts, and positively impact the state’s budget and health care delivery system.

Denise, who suffers from PTSD, needs health insurance to get the treatments she needs. Expanding Medicaid would allow her to afford health insurance while keeping enough of her small income to pay her bills and meet her other basic needs.
Endnotes


3 In Nebraska, a low-income parent must make less than 58% of the Federal Poverty Level (FPL), or $974/month for a family of three, in order to be eligible for Medicaid. Traditional Medicaid eligibility categories include pregnant women, people with disabilities, seniors, children, and some very low-income parents.

4 In order to qualify for subsidies on the Health Insurance Marketplace, a person must have an income of 100% FPL or above, or $1,680/month for a family of three.

5 Dey, et al., p. 4.

6 Ibid, p. 2.

7 Ibid, p. 5.


10 Dey, et al., p 7.

11 Ibid, p 2

12 Ibid.


14 Chester, et al., p. 1.


16 Ibid.
Endnotes (cont.)


18 Alker & Chester, p. 1.

19 Chester, et al., p. 1.


21 Ibid.

22 Ibid.

23 Ibid, p. 4.

24 Ibid, p. 3.


26 As of the second quarter of 2016, Nebraska’s corrections facilities are, on average, at 158.35% capacity. See Nebraska Department of Correctional Services, “NCDS Quarterly Data Sheet,” April-June 2016, http://www.corrections.nebraska.gov/pdf/datasheets/2016/Datasheet%202016%202nd%20Qtr.pdf.


28 Dey, et. al., p. 12.


33 The Council of State Governments Justice Center, p.1. See Bailey, et al., p. 3.
Endnotes (cont.)


37 Solomon, p. 3.

38 Bailey, et al., p. 1.


40 Bailey, et al., p 1.

41 In the 2015-2016 budget, $69,421,172 went to behavioral health aid from the state General Fund, and an additional $13,499,660 in cash funds also went to behavioral health aid. This does not include any additional funding to support behavioral health services appropriated through other programs, like Medicaid or corrections. See Nebraska Legislative Bill 956, http://nebraskalegislature.gov/FloorDocs/Current/PDF/Slip/LB956.pdf.


43 Ibid.

44 Ibid.


47 Ibid. See also Searing & Hoadley, “Medicaid Expansion: Driving Innovation In Behavioral Health Integration.”