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EMBARGOED UNTIL OCTOBER 30, 2009**Medicaid Policy Changes May Have Broad Impact on Mental Health Services**

ARLINGTON, Va. (Oct. 30, 2009) – Because Medicaid is the nation’s primary payer for mental health services, changes in Medicaid policies—even those policies that are not specifically related to mental health services—can have significant effects on public mental health systems, according to research reported in the November issue of *Psychiatric Services*, a journal of the American Psychiatric Association. Some of these effects may not be intended or fully understood.

Author Jeffrey A. Buck, Ph.D., with the Substance Abuse and Mental Health Services Administration, reviews recent changes in Medicaid policies, some resulting from statutory or regulatory actions and some from audits and waivers. Underlying a number of policy changes are concerns at the federal level that states are using Medicaid matching funds to support many services that could be funded through other federal or state programs. Recent policy changes have also been driven by a strong focus on consumer empowerment.

Medicaid policy changes in recent years have had the effect of:

- *reinforcing state Medicaid authority* relative to state mental health agencies;
- *reducing funding flexibility*, more tightly limiting use of funds to services and groups traditionally within the scope of the program;
- *increasing direct provider accountability for compliance with Medicaid requirements*, including efforts to detect and prevent fraud and abuse;
- *reducing incentives for institutionalization* by returning to strong enforcement of the “IMD exclusion” (i.e., the prohibition of Medicaid funding for persons in institutions for mental diseases) and encouraging smaller community residential settings;
- *promoting home and community-based services*; and
- *empowering consumers* by requiring person-centered care plans and self-directed personal assistance services.

The policy changes, Buck says, will likely accelerate the mainstreaming of mental health services in the general health care system and “may do more to encourage treatment approaches that address the holistic health needs of the person, rather than the particular specialty or orientation of the provider.” Buck cautions, however, that the policies “also may produce new problems if they are implemented without regard to the particular needs and characteristics of those with mental illness or the associated nonmedical services needed for full recovery.”

The American Psychiatric Association is the nation’s leading medical specialty society whose more than 38,000 physician members specialize in prevention, diagnosis, treatment and research of mental illnesses including substance use disorders. Visit the APA at www.psych.org and www.HealthyMinds.org.