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Medicaid Rule May Be Key For Mental Health Legislation

By [Marissa](#) » « [Evans](#), CQ Roll Call

Patient advocates say a new rule allowing short-term inpatient care for Medicaid beneficiaries in mental health crises could prod federal lawmakers to pass broader legislation.

Under a Centers for Medicare and Medicaid Services rule released Monday, states running Medicaid care programs will get more help covering patients needing mental health and substance abuse services.

Current law generally prohibits federal officials from providing Medicaid payments for such care if patients receive it in an institution. Lawmakers have been considering mental health legislation that would remove the prohibition, but the multi-billion-dollar costs have raised concern.

Under the new rule affecting patients in managed care plans, Medicaid will offer matching federal reimbursements to psychiatric hospitals and facilities for less than 15 days a month for patients.

"This will give many states important tools with which to address some of the increasingly untenable provisions of the underlying statute and allow states to improve the delivery of mental health services to the Medicaid population," according to a statement from the National Association of Medicaid Directors.

Lawmakers and advocates are still parsing the 1,425-page rule that gives states more clarity about how to run Medicaid care plans. Aside from the inpatient mental health reimbursements, CMS is also forcing states to spend 85 percent of their revenue on medical care, develop the program's first quality rating system for consumers and meet stricter requirements to ensure provider networks are adequate.

Pressure on Congress?

The new provision is a game changer, according to John Snook, executive director for the Treatment Advocacy Center, a nonprofit mental health advocacy group. He said that the CMS rule could finally get Congress to pass stalled legislation that would expand Medicaid coverage for inpatient treatment.

"I hope this brings more pressure on Congress...at this point it would be an embarrassment to say they weren't able to finish this," Snook said in an interview. "The administration has done most of the heavy lifting, that to not make sure that every person would be able to have this access would be ridiculous."

Bills in the House and Senate are in limbo as lawmakers in both chambers try to assess the financial costs.

Mental health legislation ([S 1945](#)) that the Senate Health, Education, Labor and Pensions Committee approved does not include a provision to allow Medicaid to cover inpatient services, but sponsor [Christopher S. Murphy](#), D-Conn., would like to add that. The Senate Finance Committee, which oversees Medicaid issues, likely would have to approve and find money to pay for this. The Finance Committee is holding a hearing Thursday on ways to address mental health issues through programs such as Medicaid.

Some advocates say the rule should have done more to help people with mental health needs receive other support that could help them live outside of institutions. Bethany Lilly, policy attorney for the Bazelon Center for Mental Health Law, said states may not feel pressure to provide additional services like case managers, supportive housing or employment services to people living with a mental illness.

"We have some concerns that this is going to incentivize states to over-rely on hospitalization," Lilly said. "If you're not taking a systemic look at your mental health systems and understanding access across the continuum of care, you're not going to fix the problem."

However, congressional advocates for mental health legislation said the rule will be beneficial. Rep. [Fred Upton](#), R-Mich., chairman of the House Energy and Commerce Committee, said in a statement on Tuesday that the new rule on reimbursement for mental health is "welcome news."

"This commonsense change will have an important impact on families focused on getting their loved ones the care they need, and that's good news," Upton said.