

Behavioral Health, Social Determinants of Health, and Potential Medicaid Requirements

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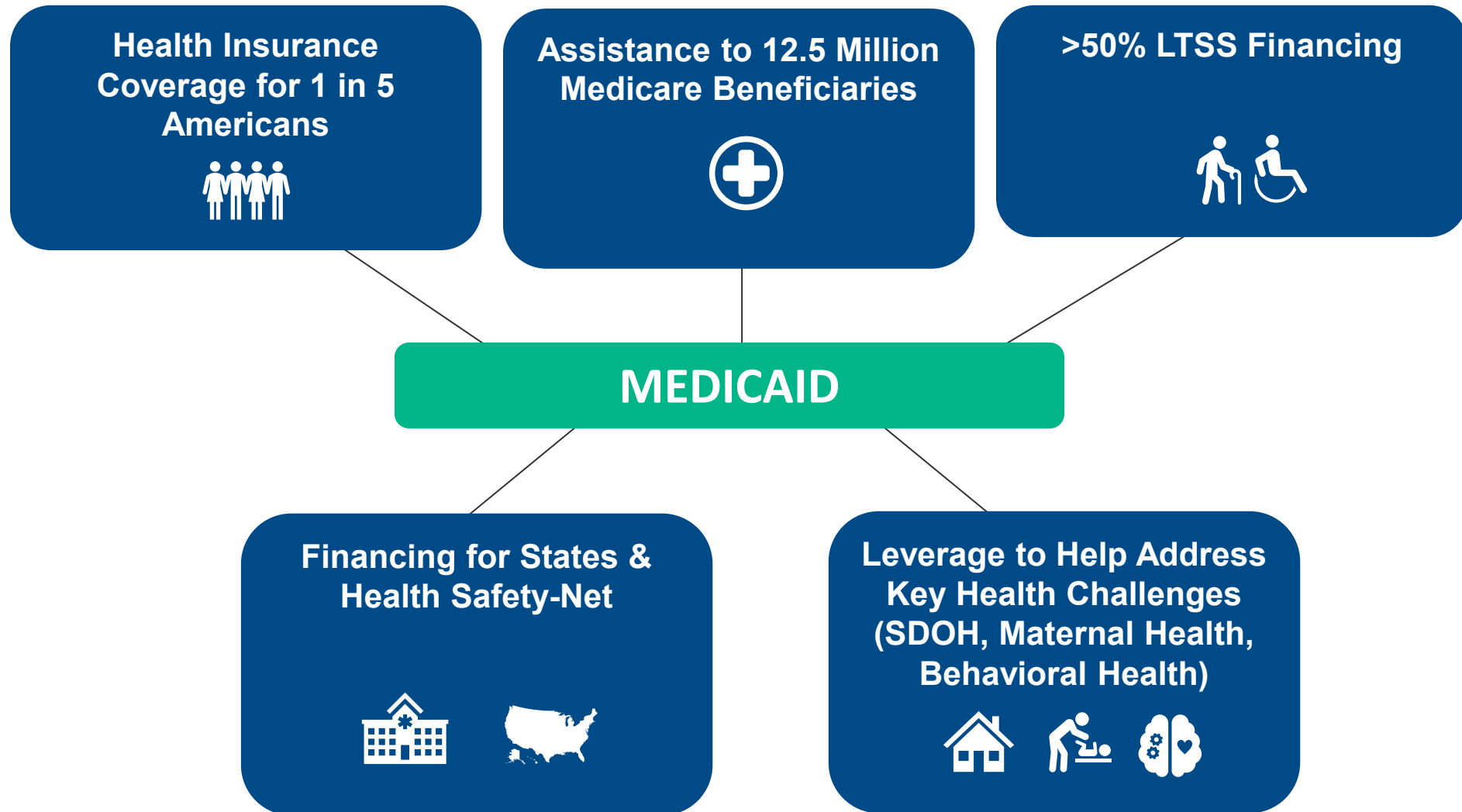
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Medicaid plays a central role in our health care system.



The basic foundations of Medicaid are related to the entitlement and the federal-state partnership.

Entitlement

Eligible Individuals are entitled to a defined set of benefits



States are entitled to federal matching funds



Federal

Sets core requirements on eligibility and benefits



Partnership

State

Flexibility to administer the program within federal guidelines

Trends in Medicaid Coverage of Mental Health and Substance Use Disorder Services

Medicaid and Behavioral Health (BH)

- **Medicaid's Role**

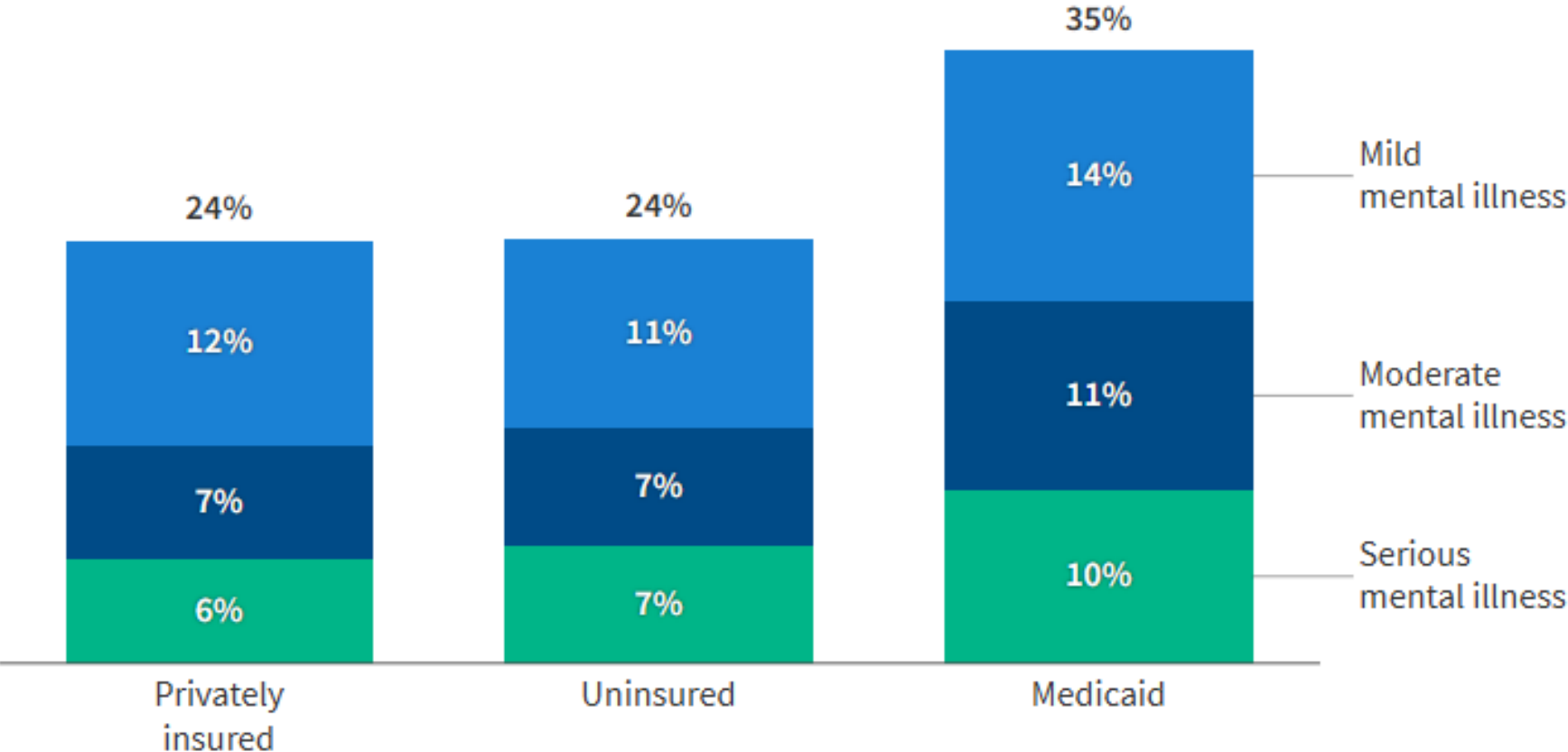
- Most enrollees with behavioral health conditions qualify due to low income.
- Single largest payer of behavioral health services.

- **Behavioral Health Benefits**

- BH services are not a specifically defined category of Medicaid benefits.
- May fall under mandatory Medicaid benefit categories (e.g., psychiatrist services may be covered under the “physician services” category) or covered through optional benefit categories (e.g., case management services, prescription drugs).
- Children receive particularly comprehensive coverage via EPSDT benefit.
- Covered services vary across states, particularly for adults

Mental Health and Substance Use Disorders are Prevalent

Over 1 in 3 Medicaid-Covered Adults Have a Mental Health Condition



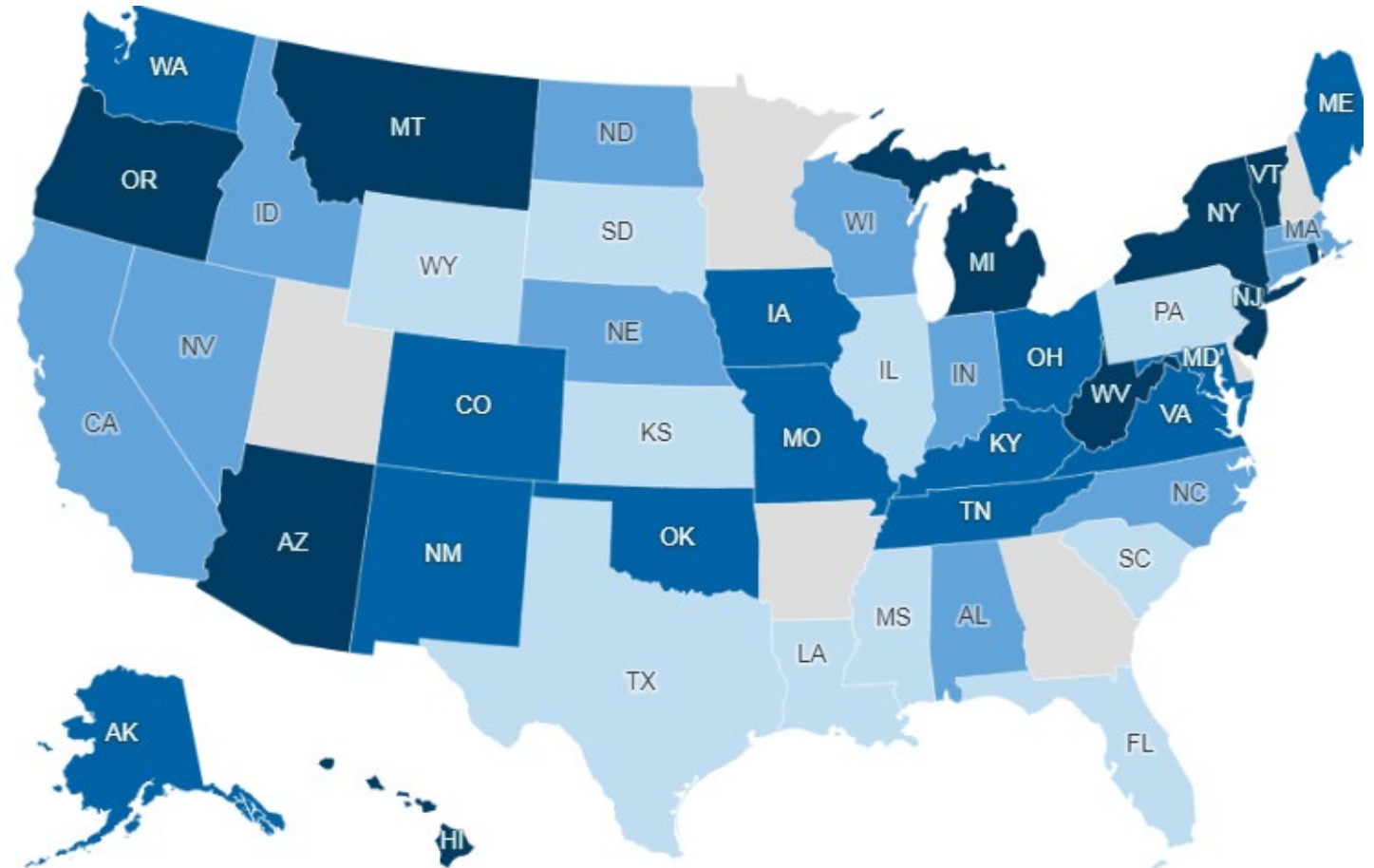
Note: KFF Analysis of 2023 National Survey on Drug Use and Health

SOURCE: 5 Key Facts About Medicaid Coverage for Adults with Chronic Conditions, KFF

Medicaid's coverage of MH/SUD services has grown in recent years, but there is still variation across states

Of the 55 Services
Queried, # of states that
cover:

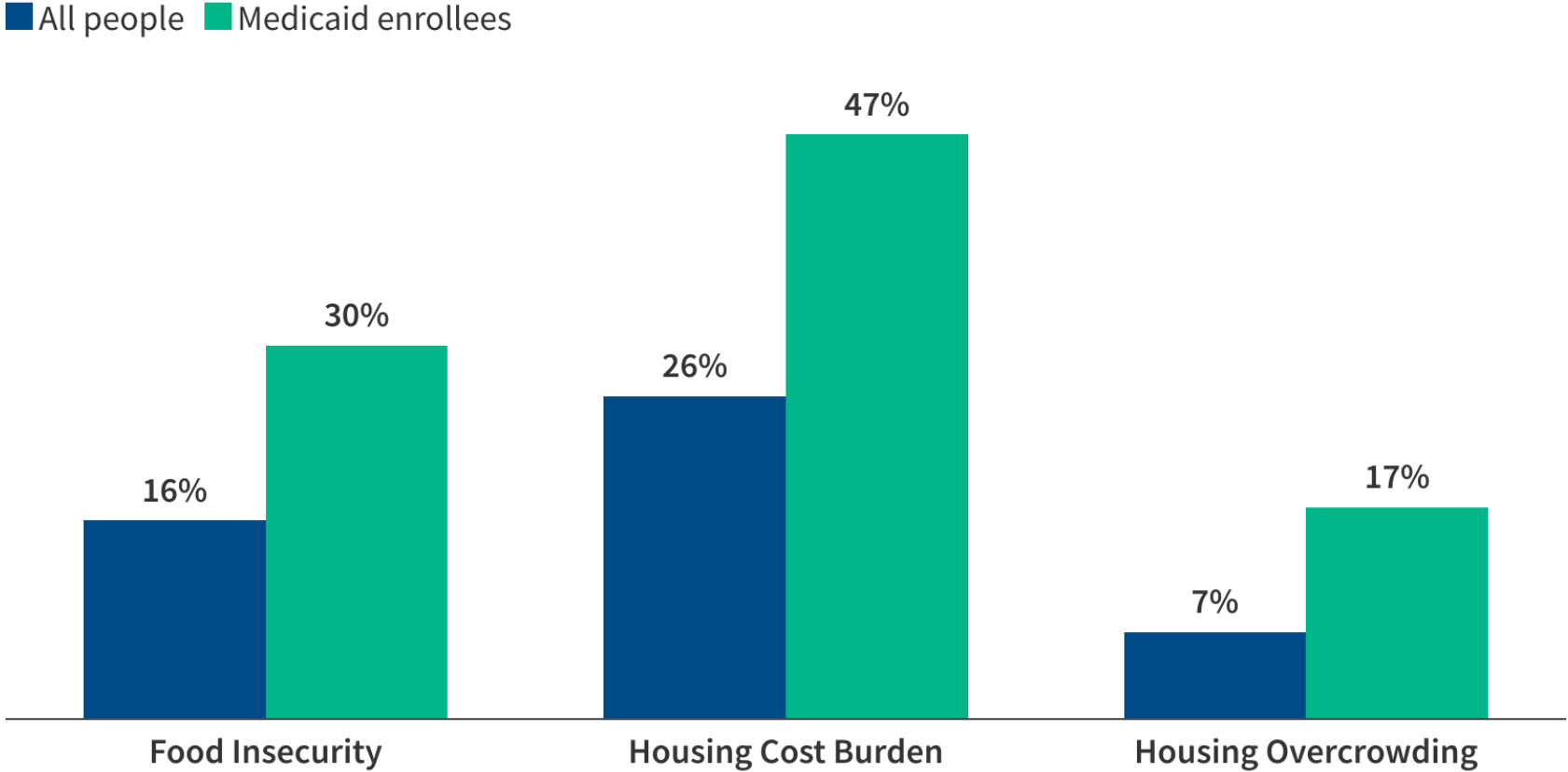
-  <41 (10 states)
-  41-43 (11 states)
-  44-47 (13 states)
-  ≥ 48 (11 states, including DC)



NOTE: Findings are from KFF's Behavioral Health Survey of state Medicaid programs, fielded as a supplement to the 22nd annual budget survey of Medicaid officials conducted by KFF and Health Management Associates (HMA). 6 states did not respond to the Benefits survey section: AR, DE, GA, MN, NH, and UT. These findings are limited to fee-for-service (FFS) Medicaid. For more information, see [this brief](#).

Social Determinants of Health and Medicaid

Medicaid enrollees experience high rates food insecurity and unaffordable housing



NOTE: Data from KFF polling and KFF analysis of the 2019 American Community Survey

SOURCE: The Implications of Federal SNAP Spending Cuts on Individuals with Medicaid, Medicare and Other Health Coverage and Housing Affordability, Adequacy, and Access to the Internet in Homes, KFF 2021

Historically states have had limited ability to use Medicaid to help address SDOH, but opportunities grew in recent years

Section 1115 waivers let states test innovative Medicaid approaches outside standard federal rules.

2018: Trump administration approves NC Healthy Opportunities Pilot

- Covers select non-medical social services. Limited services; no full rent coverage or full daily meal support.

2021: Trump administration releases SDOH guidance.

- Highlights existing federal opportunities for Medicaid and SDOH, including through 1115 waivers.

2022-2024: Biden administration expanded “HRSN Framework”

- "Health-Related Social Needs" or HRSN Framework
- Allows states to offer broader supports, including short-term rent, utilities, and daily meals. Doesn't replace existing social programs.

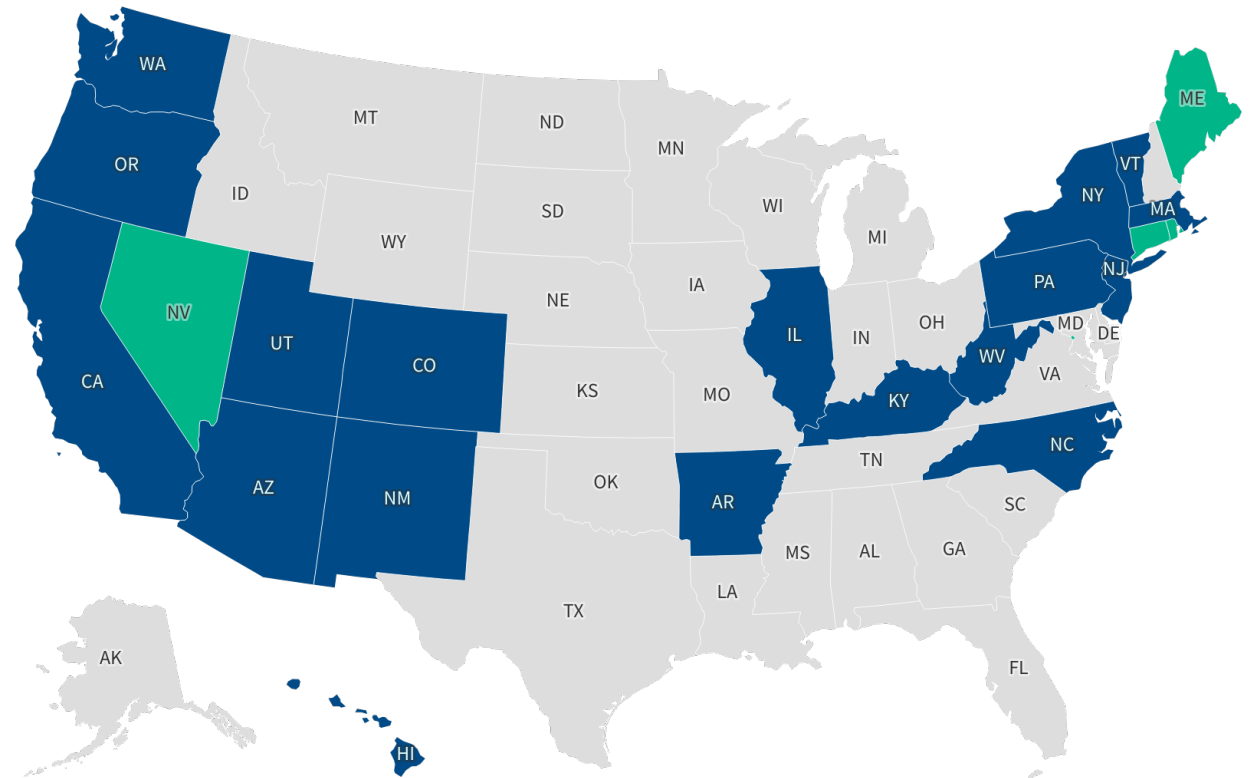
2025: Trump administration rescinds Biden's HRSN guidance

- Current waivers continue, but new waivers/extensions now evaluated case-by-case, leaving future uncertain.

The Biden administration approved 18 waivers under the new HRSN 1115 framework.

of states with SDOH-related 1115 waivers:

- Approved under new Biden administration “HRSN framework” (18 states)
- Pending request (5 states including DC)

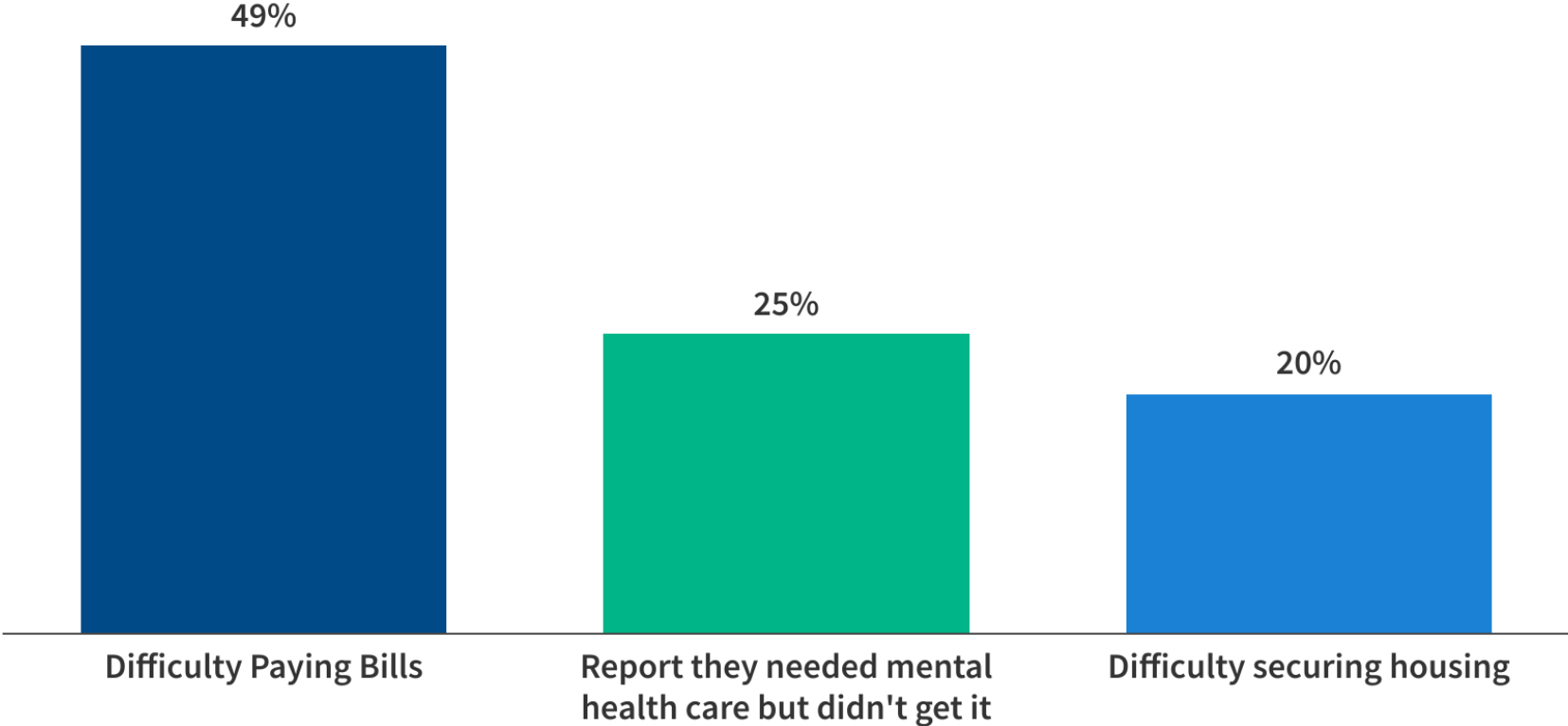


NOTE: HRSN = health-related social needs. “HRSN framework” refers to new demonstration opportunity announced by Biden administration. States marked with an “*” also have SDOH-related requests pending at CMS.

SOURCE: KFF Medicaid Waiver Tracker, <https://www.kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state/>

Adults with a history of incarceration face greater challenges securing housing and affording basic needs

Among the 1 in 7 U.S. adults who report they have ever been held in jail or prison for one night or longer.

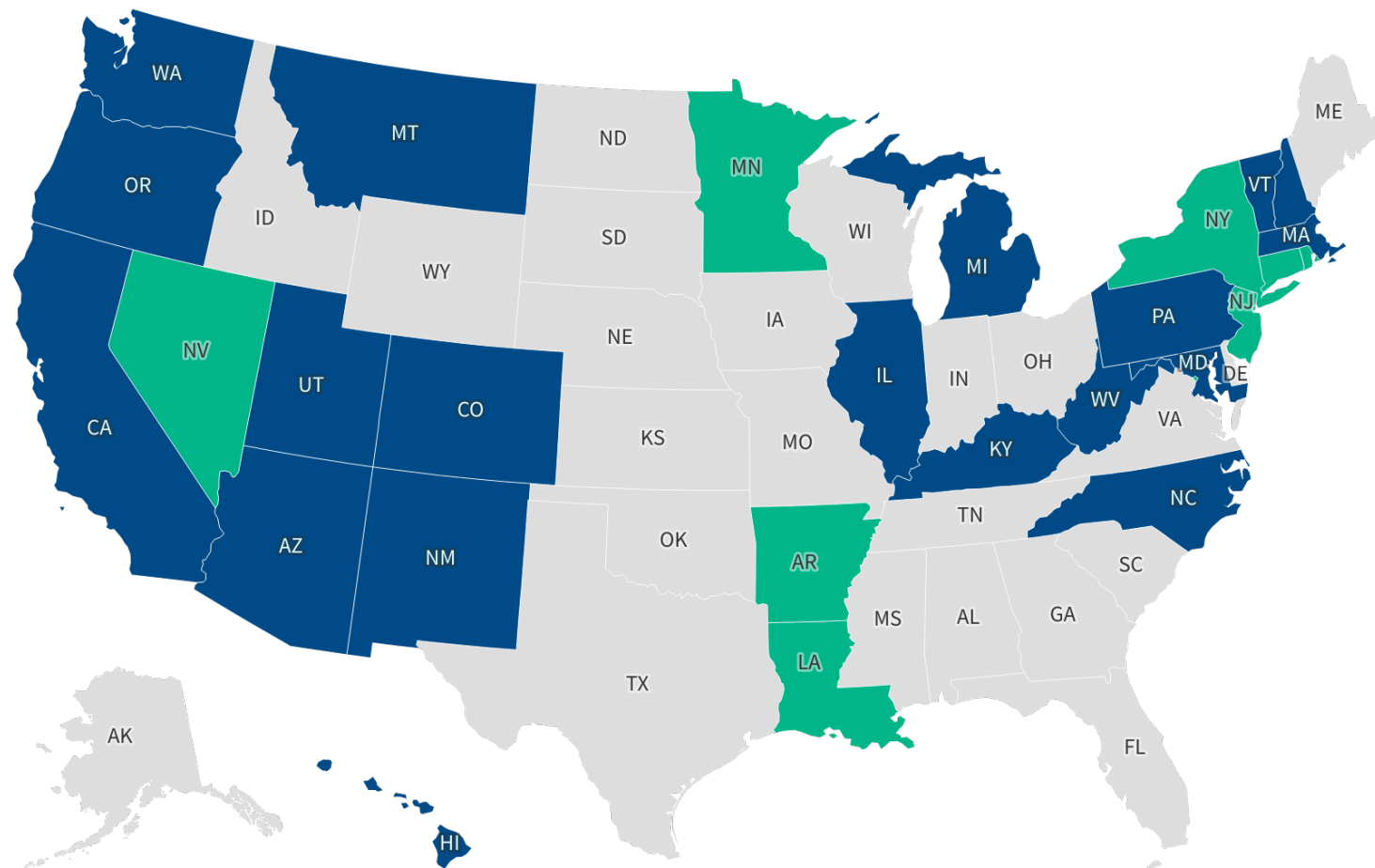


SOURCE: Experiences of Adults Who Have Been Incarcerated: Findings from the KFF Survey on Racism, Discrimination, and Health

Nineteen states have approval to cover re-entry services for certain incarcerated individuals prior to release.

of states with “re-entry” 1115 waivers:

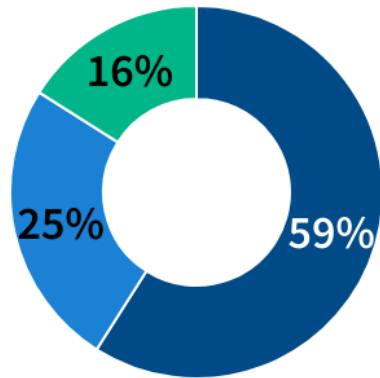
- Approved waivers (19 states)
- Pending requests (9 states including DC)



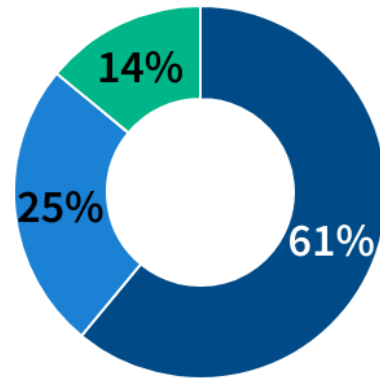
Federal Proposals to Reduce Medicaid Spending—Work Requirements

Medicaid Expansion is the Primary Coverage Pathway for Adults with Mental Health or Substance Use Disorders

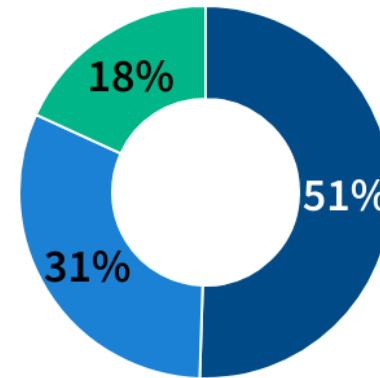
■ ACA Expansion ■ Other Adults ■ Disability



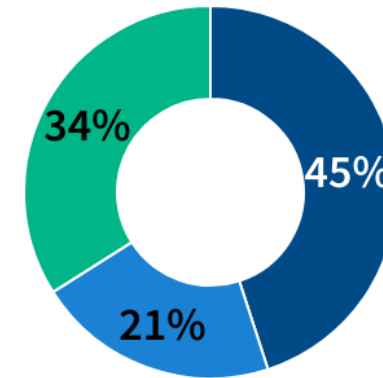
Substance Use Disorder
~3.7 million adult enrollees



Opioid Use Disorder
~1.5 million adult enrollees



Any Mental Health Disorder
~8.1 million adult enrollees



Serious Mental Illness
~2.1 million adult enrollees

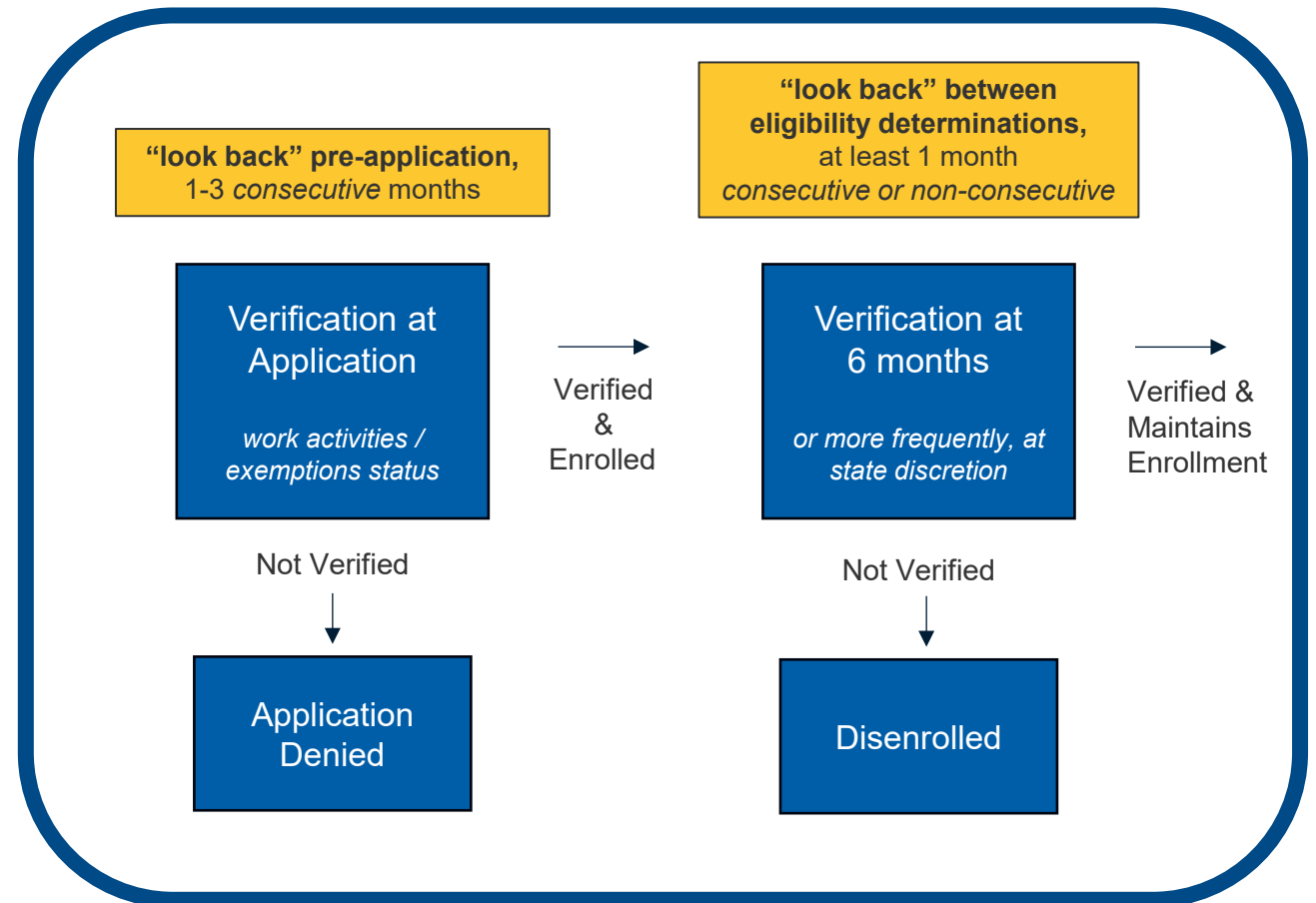
DATA: KFF Analysis of T-MSIS, 2021. Denominators include both expansion and non-expansion states. Serious mental illness includes enrollees diagnosed with schizophrenia, other disorders involving psychosis, or bipolar disorder. MS is excluded due to data quality issues; VA and ID due to unavailable expansion data; and MO due to mid-2021 Medicaid expansion.

SOURCE: Implications of Medicaid Work and Reporting Requirements for Adults with Mental Health or Substance Use Disorders, KFF

The Extent of Coverage Loss Will Likely Depend on How Work and Reporting Requirements are Defined and Operationalized

Verification Process

- **Frequency.** Compliance with work requirements or exemptions verified at application and renewal, at minimum; state option for more frequent checks
- **“Look back.”** States may determine # of “look back” months
- **Data matching.** States directed to check reliable data sources (e.g., state wage databases) where possible
- **Notice.** If state is unable to verify compliance, it must provide notice and give individuals 30 days to prove compliance
- **Coverage loss.** Application is denied / individual is disenrolled from coverage if not verified after 30 days



Experience in Arkansas and Georgia Highlight Implementation Challenges With Work Requirements



- **Enrollee awareness / outreach:** complex policies caused confusion.
- **Exemptions:** challenges navigating the process to qualify for exemptions.
- **Data matching:** ~2/3 data matched and exempted. Of remaining, ~70% did not obtain an exemption or report compliance (18,000 lost coverage).

- **Verification at application:** Far lower than anticipated enrollment--7,000 individuals in GA “Pathways”
- **Administrative costs:** “Pathways” program has cost more than \$86 million

What to Watch if the Reconciliation Bill Passes



How will states respond?

- Changes in coverage?
- Changes in reimbursement rates? Covered benefits?
- Waivers?



Implementation of Work Requirements

- New Guidance?
- How will states implement?
- Impacts on coverage?



Impact on health infrastructure

- Hospitals
- Rural communities
- Nursing homes
- Affects on workforce, rates, access to care?

THANK YOU

For more information, contact: heathers@kff.org