Advocates for Families in Need

211 7th Avenue North, Suite 100, Nashville, TN 37219
Phone: (615)255-0331 Fax: (615)255-0354
e-mail: info@tnjustice.org website: www.tnjustice.org

Medicaid's Important Role to Curb Opioid Abuse: An Underutilized Tool in Tennessee

By Kinika Young
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• Executive Summary •

Tennessee is among the states that have been hit hardest by the national opioid abuse crisis. The state is facing higher than average rates of prescriptions, newborns with Neonatal Abstinence Syndrome, children in state custody, people incarcerated for drug-related offenses, and overdose deaths. Opioids now cause more fatalities than auto accidents, homicide, and suicide; yet, the number of reported deaths related to opioids are underestimated.

Any effective strategy to address the epidemic must build on the critical role of Medicaid, known in Tennessee as TennCare. Currently, Medicaid is the largest single payer for behavioral health services in the United States and plays a crucial role in covering both prevention and treatment of substance use disorders.[1] Unlike funding programs targeted at addiction, Medicaid has the advantage of providing broad medical, as well as behavioral, coverage. Since addiction often presents with other medical or mental health disorders, Medicaid's ability to cover integrated services that are needed for effective prevention and treatment is a game-changer.

Tennessee has opportunities to better use federal Medicaid funding by adopting cost-effective, evidence-based policies and treatment methods. The state should implement the recommendations of the legislature's Three-Star Task Force to use federal Medicaid funding to extend coverage to veterans and adults with behavioral health needs, at a minimum. TennCare should make medication assisted treatment more accessible by removing the requirement for prior authorization to prescribe medications that are proven effective for opioid abuse treatment. TennCare should ensure that MCO utilization review practices do not impair access to medically necessary treatment. TennCare should reexamine its 2005 decision to discontinue coverage of methadone treatment for adults based on the latest research and the experience of the 31 other states that cover such therapy. Methadone is an evidence-based practice for the treatment of pregnant women who abuse opioids.

State officials should also ensure that Federal policy makers understand the impact of pending congressional proposals on Tennessee's efforts to combat the opioid epidemic. Budget proposals

to cut federal Medicaid funding would cripple the state's major resource for preventing and treating addiction.

Opioid Abuse in Tennessee

Opioid addiction reached "epidemic" status in Tennessee several years ago, as Tennesseans were ranked no. 2 nationally for per capita use of prescription painkillers, and the state was ranked no. 13 in drug overdose deaths, according to a 2011 study by the U.S. Centers for Disease Control and Prevention.[2] An estimated 69,100 Tennesseans are addicted to prescription opioids and require treatment for prescription opioid abuse. Another 151,900 Tennesseans are using prescription opioids in ways that could be harmful, which early intervention strategies could help.[3] In 2012, prescribed opioids overtook alcohol for the first time as the primary abused substance for people in treatment funded by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS).[4] As a result of the high rate of opioid addiction, the state is faced with increased emergency department visits, hospital costs, newborns with Neonatal Abstinence Syndrome, children in state custody, people incarcerated for drug-related offenses, and overdose deaths.[5] The number of drug overdose deaths in Tennessee in 2014 (1,263 deaths) had tripled since 2001.[6] Opioid-related deaths have steadily increased in recent years, hitting 1,631 deaths in 2016.[7] Between 2012 and 2014, more people in the state died from drug overdoses than from motor vehicle accidents, homicide, or suicide.[8] Based on a report by the Tennessee Department of Health, the vast majority of drug overdose fatalities are white, and most are men. Those who are overdosing are less likely to have prescriptions, and those killed are more likely to overdose on opioids than any other drug.[9] As alarming as these numbers are, experts believe the statistics undercount the actual numbers.[10]

The crisis has hit rural areas particularly hard. The highest prescribing rates were reported for rural communities, and people living in rural areas are at the greatest risk for prescription opioid overdose.[11] Prescription drug death rates rose three times faster in rural areas compared to urban cores of large cities.[12] In fact, two rural Tennessee counties (Jackson and Clay) were among the top 30 counties across the U.S. in higher death rates from prescription drugs from 1999-2014.[13] [14] This type of data led U.S. Agriculture Secretary Tom Vilsack and officials at the Health and Human Services Department to declare an opioid epidemic in rural America.[15]

The Importance of Medicaid in Treating Substance Use Disorders

With growing numbers of people addicted to opioids, treatment costs have skyrocketed. In 2009 alone, health insurance payers spent $24 billion on substance use disorders (SUDs) treatment, of which 21% was Medicaid spending.[16] Medicaid pays for about 25% of all buprenorphine medication-assisted treatment for opioid use disorder, at an average cost of $5,500.[17] However, the average cost of care for people with addiction is higher when factoring in mental health treatment, chronic illness care, emergency room services, and inpatient care.[18] Without insurance coverage, these costs are unaffordable for most people. Moreover, many people with SUDs are unable to get or keep employment (often due to the inability to pass a drug screening), so employer-sponsored coverage is not an option.

In recognition of and to help curb the opioid epidemic, the Department of Health and Human Services recently announced an award of $13.8 million to the TDMHSAS through the 21st Century Cures Act, the largest single federal funding increase for opioid treatment in the state's history.[19] The increased funding will be used to expand services to help individuals recover from opioid substance use disorder—including, continuum of care treatment services, treatment for pregnant women, tele-treatment in rural Tennessee counties, medication assisted treatment, and recovery support services.[20] While this funding is a step in the right direction, it is less than half the $27,933,600 that was the estimated cost in 2014 of providing state-funded treatment services to individuals that abuse prescription drugs and live below the poverty level.[21] That number has undoubtedly increased over the past three years. Moreover, the Cures Act funding and other targeted programs cannot address other medical and behavioral health needs that usually accompany addiction. This reality highlights the need to maintain insurance coverage for as many people as possible, not only to treat drug addiction, but also to provide medical care to address underlying health conditions.

Medicaid provides such care to cover the medical and behavioral health services needed to overcome addiction and prevent relapse. Medicaid also spends far more on addiction services than other targeted addiction programs. But, because it is not narrowly focused on addiction treatment, Medicaid is often overlooked as a useful tool in the opioid abuse crisis.

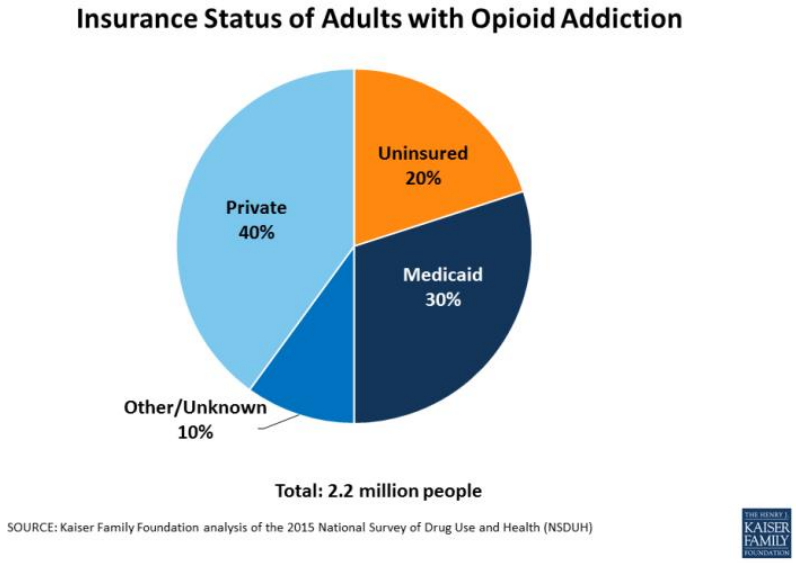
Opportunities to Better Utilize Medicaid to Combat Opioid Abuse in Tennessee

Tennessee is one of only four states to be considered "making progress" to help prevent overdose deaths from prescription drugs, according to the 2016 National Safety Council's Prescription Nation Report.[22] The report focused on six key indicators: 1) mandatory prescriber education; 2) opioid prescribing guidelines; 3) eliminating pill mills; 4) prescriptions drug monitoring programs (PDMPs); 5) increased access to naloxone; and 6) availability of opioid use disorder (OUD) treatment. Tennessee met 5 out of these 6 indicators.[23] A key strategy recommended by the Council, which Tennessee has failed to implement, is utilizing federal Medicaid funding to insure people in the coverage gap.

The Affordable Care Act (ACA) provides federal funding that allows states to cover individuals who fall in the coverage gap – those who cannot qualify for Medicaid but do not earn enough money to receive marketplace subsidies to purchase a plan on the healthcare exchange. This additional federal funding has been instrumental in helping states deliver better substance abuse services to a greater number of Medicaid beneficiaries and increase provider capacity through service innovations.[24] The legislature has not approved Governor Bill Haslam's Insure Tennessee proposal to use the funding to close the coverage gap. Under Insure Tennessee, nearly all childless adults with incomes at or below 138 percent of poverty ($27,821 for a family of three in 2016) would be covered.[25] Tennessee's failure to accept this resource means that 288,000 Tennesseans remain in the coverage gap.[26] The following chart illustrates that an estimated 20%

of adults with opioid addiction are uninsured nationwide. Covering these people would improve access to early interventions and treatment services.[27]

Figure 1



The Bureau of TennCare has noted that the coverage gap includes an estimated 24,000 veterans and 25% of people in the coverage gap reported behavioral health problems.[28] Subsequently, the Three-Star Healthy Task Force, which was convened by Speaker Beth Harwell, recommended a phased-approach to extend TennCare coverage to low-income adults, with preference given to veterans and people with behavioral health needs.[29] The recommendations of the task force were considered a more conservative option than Governor Haslam's Insure Tennessee plan. The legislature did not act on the Task Force recommendations in 2017. As Tennessee's leaders appreciate the magnitude of the opioid public health crisis, they should now re-focus on long-term solutions to provide health care to people in the coverage gap.

In addition to extending coverage, revising some of TennCare's current policies also presents an opportunity to make opioid addiction services more accessible to a greater number of people. Medication assisted treatment (MAT) is proven to be effective, but it is not frequently used.[30] An estimated 11 lives were saved in Tennessee from opioid overdose in 2016 due to Medicaid-covered naloxone.[31] Currently, TennCare covers naloxone, as well as naltrexone and buprenorphine (other medications used to treat opioid addiction) with prior authorization.[32] [33] The Centers for Medicare and Medicaid Services (CMS) cites benefit design requirements, like prior authorization, as a barrier to the use of and access to MAT.[34] TennCare should remove this barrier, as recommended by the National Governors Association.[35]

TennCare does not cover methadone assisted treatment for opioid addiction.[36] [37] While states are encouraged to reduce the use of methadone prescribed for pain relief due to the increased risk of overdose, this drug has been safely and effectively used in MAT for opioid addiction.[38] Evidence shows that for every $1 invested, methadone treatment generates $4 to $5 in returns on

healthcare expenditures.[39] TennCare stopped covering methadone treatment for adults in 2005 due to stated concerns about the quality of care and delivery system, but an additional reason appears to have been to save money during a budget crisis.[40] TennCare should reassess its policy concerning methadone treatment coverage and join the thirty-one states and the District of Columbia that cover methadone.[41] In light of the rising numbers of people with opioid addiction and attendant consequences, Tennessee must invest in effective treatment to save lives and money in the long run.

Current Threats to Medicaid Funding

Proposals to repeal and replace the Affordable Care Act included massive cuts to Medicaid and were therefore broadly opposed by organizations and experts involved in the effort to curb addiction.[42] The most recent of the proposals, the Graham-Cassidy bill, would have increased federal funding to Tennessee in the short term but would have ultimately cut a staggering $61 billion over the next two decades.[43] Although Congress has put aside those efforts for the time being to focus on tax reform, congressional leaders and the White House remain committed to passing legislation next year that will radically restructure Medicaid and cap federal funding for the program.

The impact of massive cuts to Medicaid funding would be so devastating that even a remote possibility warrants attention. If Medicaid's funding structure were changed to a per-capita cap, Tennessee would be among the states most adversely impacted, based on the relatively low amount it currently spends on members.[44] Low-cost states would be facing deeper cuts because they have faster spending growth rates than other states, which means they would hit the cap's fixed growth rate sooner.[45] Tennessee is among the top fifteen states that are more susceptible to costs increases, based on factors that include the number of individuals with opioid addiction, as well as premature babies and organ transplants, which have risen during the opioid crisis.[46]

Even without legislation that would change the funding structure of Medicaid, Congress can still impose devastating cuts through the federal budget and tax reform. The budget passed in July by the House Budget Committee, chaired by Rep. Diane Black (TN), includes Medicaid cuts and changes to the ACA totaling $1.7 trillion.[47] Also, the Senate Budget Committee passed a budget resolution that would pave the way for tax cuts, add $1.5 trillion to the deficit over ten years, and proposes cutting Medicaid by $1 trillion.[48] The huge cut to Medicaid funding that is threatened would make finding money to invest in early treatment of SUDs quite challenging. Such a loss will force major cuts affecting TennCare's 1.5 million enrollees and the providers who care for them, causing ripple effects to the state's entire healthcare infrastructure.

Policy makers must be informed that any cuts to Medicaid funding – whether via health care reform, the budget, or tax reform – would defeat their efforts to control the opioid epidemic.

Conclusion

It is undisputed that the U.S. is in the midst of an opioid epidemic, and Tennessee has been greatly impacted. The state has taken positive steps to address many issues contributing to the problem and mitigate the consequences of the epidemic. However, the threatened cuts to federal Medicaid funding, the failure to approve Insure Tennessee or the legislature's Three-Star Healthy Pilot, and misguided policies on effective treatment options, puts Tennessee at risk of losing this momentum. Medicaid has played a critical role in funding early intervention and treatment programs. If the state has any chance of overcoming the opioid epidemic and helping more Tennesseans get on the road to recovery, then it must fully embrace Medicaid as an important tool and oppose draconian cuts to the program by the federal government.

Kinika Young is the Director of Children's Health at the Tennessee Justice Center.

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