



# POLICY SPOTLIGHT

## Medicaid Expansion and Mental Health

MARKUS BJOERKHEIM, LIAM SIGAUD, AND KOFI AMPAABENG | JUNE 2023

The United States is in the midst of a mental health crisis. One in five adults—more than 50 million Americans—experience mental illness, and almost one-third of those do not receive the treatment they need. Many policymakers believe the solution to the crisis lies in expanding Medicaid to provide health insurance to more people. Although those newly covered would benefit, without more mental health professionals to care for them relief for the newly enrolled would come at the expense of the program’s original beneficiaries—America’s most vulnerable. For them, research shows that Medicaid expansion does more harm than good.

### ADDRESSING A GAP IN OUR KNOWLEDGE

In 2014, Medicaid’s mission shifted. Originally serving only the most vulnerable, the Affordable Care Act gave states incentives to expand eligibility and cover 20 million additional mostly low-income, working-age, childless adults. Existing research shows that this group has experienced increased access to healthcare services and improvements in certain health outcomes, notably depression.

However, far less is known about unintended negative spillover effects among Medicaid’s original beneficiaries, primarily the elderly, people with disabilities, and low-income families—the most vulnerable among us. Without an expanding supply of doctors, nurses, and mental health professionals, insurance expansions could make it more difficult for Medicaid’s original recipients to obtain needed care.

Therefore, Mercatus has examined whether the 2014 Medicaid expansion led to worse mental health outcomes among near-elderly recipients covered by Med-

icaid both before and after expansion. The authors find expansion caused a large increase in depressive symptoms for this particularly vulnerable group.

### THE UNINTENDED MENTAL HEALTH CONSEQUENCES OF MEDICAID EXPANSION

- The 2014 expansion of Medicaid caused a 10.9 percent increase in depression scores among near-elderly recipients.
- The negative effects are especially pronounced among women and recipients with disabilities.
- The effects are also larger in areas of the country that experienced shortages of mental health workers after the expansion and in nonmetropolitan areas, where access to care is often more limited.
- Expanding insurance to new groups comes at the expense of the mental health of those already covered, who may find it more difficult to access psychological or psychiatric treatment.

Research also suggests changes to Medicaid's funding structure and eligibility criteria have been accompanied by other unforeseen costs and problems, including

- Shorter office visits
- Longer patient wait times for dental visits and medical appointments
- Slower ambulance response times
- More frequent non-cost-related delays in accessing care

## CALL TO POLICYMAKERS

Policymakers must work to address the nation's ongoing mental health crisis. However, when doing so, they need to carefully consider the inherent tradeoffs between expanding coverage to new groups and providing quality care for existing beneficiaries. Weighing the tradeoffs is especially important in the case of Medicaid, a program covering a large, medically vulnerable population with challenging healthcare needs, elevated rates of disability, and few viable alternative sources of insurance.

Striking the right balance between coverage and quality is paramount for addressing the nation's mental health crisis, both inside and outside the Medicaid program. Beyond the 28 percent of the US population on Medicaid, nearly 60 percent of adults have a personal connection to the program, either through their own enrollment or through a family member's or close friend's enrollment. Ensuring that Medicaid fulfills its mission of providing a functioning safety net for those who rely on it is therefore something that affects most Americans and should be a key priority for policymakers.

## FURTHER READING

Badger, Doug. "The Medicaid FMAP under the ACA: Disparate Treatment of Eligible Populations Warrants Scrutiny." Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, June 2017.

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Blahous, Charles, and Elise Amez-Droz. "Reforming Medicaid Reimbursement before the Next Pandemic." Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, May 2020.

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Fichtner, Jason J., ed. *The Economics of Medicaid: Assessing the Costs and Consequences*. Arlington, VA: Mercatus Center at George Mason University, 2014.

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