

State Medicaid Spending Grew 8.8% in FY 2010, With a 7.4% Rise Expected in FY 2011

State Medicaid spending increased by an average of 8.8% in fiscal year (FY) 2010. This is the highest rate of growth in eight years and well above the 6.3% increase predicted at the start of FY 2010 in June 2009, according to the tenth annual survey of state Medicaid directors released by the Kaiser Family Foundation's Commission on Medicaid and the Uninsured (KCMU). The state directors attributed the spending increase to heavier Medicaid caseloads resulting from recession-driven job losses, which left many families without access to affordable employer-provided health coverage. States are projecting a FY 2011 spending increase of 7.4%, consistent with expectations that growth in Medicaid enrollment will slow to 6.1%.

Another newly released KCMU report, which looks at the number of individuals on state Medicaid rolls, shows that enrollment grew by 3.69 million from December 2008 to December 2009, when a total of 48.5 million people were enrolled in state Medicaid programs. This is the largest absolute 12-month enrollment increase since the early days of Medicaid implementation in the late 1960s and represents an 8.2% annual increase. Twenty-three states experienced double-digit growth during the 12-month period. The five states reporting the largest percentage increases in enrollment were Nevada (22.4%), Wisconsin (21.5%), Maryland (19.9%), Arizona (19.3%), and Alaska (16.9%), according to the six-page report.

States received critical fiscal help in closing Medicaid budget gaps from the American Recovery and Reinvestment Act of 2009 (ARRA), which temporarily boosted the federal Medicaid match and provided an estimated \$87 billion to states starting in October 2008. ARRA's enhanced Medicaid match was scheduled to end in December 2010, but in August Congress enacted additional relief for states through June 2011, although at a reduced level: \$16 billion over six months instead of the widely expected

\$24 billion, which would have extended the enhanced match at the previous rate.

Even with the extra funds, 48 states implemented at least one new policy to curb Medicaid spending in FY 2010, and 46 states plan to do so in FY 2011, according to the 119-page state survey report. States generally did not reduce Medicaid eligibility levels because ARRA required them to maintain efforts in this area in order to qualify for the enhanced federal match. Although survey data indicate that ARRA funds helped many states avoid or reduce rate cuts to providers (hospitals, physicians, managed care organizations, and nursing homes), 39 states implemented a rate cut or freeze in FY 2010, and 37 states plan similar actions in 2011. A total of 20 states implemented new restrictions on benefits in FY 2010—the largest number in one year since the KCMU surveys began in 2001 and double the number in FY 2009. Fourteen states plan new restrictions on benefits in FY 2011.

Despite tight budgets, many states simplified or expanded Medicaid eligibility and benefits, usually for small populations, although a few states, including Colorado and Wisconsin, are implementing broader reforms and eligibility expansions. Sixteen states in FY 2010 and 13 in FY 2011 have established or expanded disease management programs in Medicaid. The health reform law (see below) includes provisions for improving care delivery in Medicaid, such as a new patient "health home" option to facilitate coordination of care for persons with chronic care needs, creation of the Center for Mental Health Services' Innovation Center to test payment and delivery models, and several demonstration and grant programs (see Druss and Mauer's article in this month's special section, page 1087).

However, state Medicaid directors expect the recession's impact to linger, even as the economy improves. The phase-out of enhanced federal assis-

tance will boost the state's share of Medicaid costs in FY 2012 by 25% or more in some cases, the survey found. In addition, directors are facing the expense of preparing for Medicaid expansion under health reform in 2014, when nearly all individuals with incomes below 133% of the federal poverty level will become eligible. A third KCMU report provides a look at efforts to prepare for reform in five states—Connecticut, Michigan, Massachusetts, North Carolina, and Washington. The 14-page report notes that expected leadership transitions—37 states are holding gubernatorial elections in 2010—will lead to replacement of many of the political appointees who are currently spearheading implementation of reform. In addition, Medicaid directors are faced with an aging workforce, constraints on hiring, and the toll from the recession, and they cited particular concerns about the need for more staff and outside contractors to help design insurance exchanges, handle expanded enrollment for Medicaid and the exchanges, and update eligibility systems in the time frame required under the reform law.

The survey report, *Hoping for Economic Recovery, Preparing for Health Reform: A Look at Medicaid Spending, Coverage and Policy Trends Results From a 50-State Medicaid Budget Survey for State Fiscal Years 2010 and 2011*, along with the enrollment update, *Medicaid Enrollment: December 2009 Data Snapshot*, and the five-state analysis, *Health Reform and State Workforce Challenges: An Early Look at Five States*, are available on the KCMU site at www.kff.org/medicaid/index.cfm.

National Survey Finds Increased Substance Use From 2008 to 2009

In 2009, an estimated 21.8 million Americans aged 12 and older (8.7%) were current (past-month) illicit drug users, according to data from the National Survey on Drug Use and

Health (NSDUH). This rate has increased since 2008 (from 8.0% to 8.7%), driven in large part by increases in marijuana use (from 6.1% to 6.8%). The survey also shows that the nonmedical use of prescription drugs rose from 2.5% to 2.8% in the same period. In addition, the estimated number of past-month ecstasy users rose from 555,000 to 760,000, and the number of methamphetamine users rose from 314,000 to 502,000.

Flat or increasing trends of substance use were reported among adolescents (ages 12 to 17). Although the rate of overall illicit drug use among adolescents in 2009 remained below 2002 levels, the rate was higher in 2009 than in 2008 (10.0% in 2009, 9.3% in 2008, and 11.6% in 2002). The rate of marijuana use in this age group followed a similar pattern, declining from 8.2% in 2002 to 6.7% in 2006, remaining level until 2008, and then increasing to 7.3% in 2009. This finding is not surprising because the percentage of adolescents perceiving great risk of harm associated with smoking marijuana once or twice a week dropped from 54.7% in 2007 to 49.3% in 2009, marking the first time since 2002 that less than half of adolescents perceived great harm in frequent marijuana use. The rates of current tobacco use and underage drinking in this group remained stable between 2008 and 2009. Current illicit drug use among young adults aged 18–25 increased from 19.6% to 21.2% between 2008 and 2009. This rise in use was also driven in large part by increased use of marijuana (from 16.5% to 18.1%).

Despite some troubling trends, the 2009 NSDUH shows continued progress in lowering levels of tobacco consumption among people aged 12 and older. Current cigarette use in this population has reached a historic low level at 23.3%. In addition, the use of cocaine in this population has declined 30% since 2006 (from 1.0% to .7%).

Much like previous years, the 2009 NSDUH shows a vast disparity between the number of people needing

specialized treatment for a substance abuse problem and the number who actually receive it. According to the survey, 23.5 million Americans (9.3%) need specialized treatment for a substance abuse problem, but only 2.6 million (11.1% of those who need treatment) receive it.

NSDUH is a scientifically conducted annual survey of approximately 67,500 people aged 12 and older throughout the country. Because of its statistical power, it is the nation's premier source of statistical information on the scope and nature of many substance abuse behavioral health issues affecting the nation. The 98-page *Results From the 2009 National Survey on Drug Use and Health: Volume 1: Summary of National Findings* is available on the Substance Abuse and Mental Health Services Administration Web site at oas.samhsa.gov/nsduhLatest.htm.

NEWS BRIEFS

New online journal focuses on corrections: The National Institute of Corrections (NIC) has announced a new electronic publication, *Corrections & Mental Health*, which will explore the intersection of criminal justice and mental health systems. In particular, it will examine how administrators, advocates, providers, consumers, policy makers, prisoners, researchers, and others view and respond to mental health matters as they affect those working in the fields of community corrections, courts, mental health organizations, jails, pretrial agencies, and prisons. The publication will cover news events in correctional mental health, as well as practice, operational, management, and implementation issues; implications of research findings; policy concerns and perspectives; and international trends. The first issue is scheduled for November, and readers can view the publication on the NIC Web site at www.nicic.gov/MentalHealth News. NIC invites submissions from writers in the fields of criminal jus-

tice, corrections, and criminology; psychology and psychiatry; social work and counseling; and other disciplines, such as economics, history, and political science. To send a query about a potential article or to share your feedback about the publication, contact Russ Immarigeon, Editor, *Corrections & Mental Health*, 563 County Route 21, Hillsdale, NY 12529 (e-mail, russimmarigeon@fairpoint.net; phone: 518-325-5925).

Kaiser health care reform gateway: The Kaiser Family Foundation has launched an online gateway that provides access to a range of resources on the health reform law. In addition to explanations of the law's basic provisions, Health Reform Source (healthreform.kff.org) offers in-depth analyses of policy issues in implementation and quick access to relevant data. The site features the premiere of "Health Reform Hits Main Street," an animated short movie designed to explain the reform law to the American public. Written and produced by the Kaiser Foundation, the animated movie features narration by Cokie Roberts, ABC and NPR news commentator. Another new feature, "The Scan," provides a daily feed of summaries of recent research, government actions, and other developments. Other new elements include a customizable implementation timeline of the law's major provisions viewable by year or topic; a video series of experts answering questions about the law; an interactive U.S. map with pop-up boxes of state-level information related to insurance coverage and the reform law; a subsidy calculator to illustrate premiums, government subsidies, and out-of-pocket costs for people eligible for coverage via state exchanges; and a document finder for quick access to federal regulations and studies related to the health law. Planned features for the coming months include an interactive tool illustrating how reform affects various groups, video profiles portraying experiences of real people and businesses, and a primer on the health reform law.