Economic Recession and Behavioral Health

As the economy shows signs of weakness with record unemployment claims and drops in financial markets, previous research can help us anticipate how a recession might affect behavioral health and behavioral health care. Below we summarize what is known about economic conditions and behavioral health and suggest potential policy solutions to help mitigate recessionary impacts. We recognize that the COVID-19 pandemic has many features that impact behavioral health, only some of which are economic. At the same time, some communities which have not been hard-hit by COVID-19 itself may nonetheless experience economic hardship.

Suicide

The most notable finding of studies of recession is that the effect of unemployment on health tends to be procyclical.¹ In other words, most health indicators improve as unemployment rises, including fewer traffic fatalities, accidents, and more physical activity. A very important exception are suicides which have historically been found to increase with unemployment rates, and also with foreclosures which can occur independent of unemployment, and with national financial crises. Research suggests that every 1 percentage
point increase in unemployment is associated with a 0.79% rise in suicides at ages younger than 65 years. To put this into context, there were 48,000 suicides in the United States in 2018.

**Substance Use**
While early studies found that substance use dropped during recession, both in the US and in Europe, more recent work finds higher binge drinking, greater drinking in areas where alcohol prices fall, and greater illicit substance use among youth during recessions.

**Health Care Utilization**
Care seeking is driven by changes in mental health combined with insurance and financial access to care. The literature suggests that treatment-seeking may decline for those who lose health insurance due to recession and, therefore, financial access to treatment, while those who retain insurance increase emergency care and care post-recession. Notably, our last major recession occurred before the Mental Health Parity and Addiction Equity Act was fully implemented and before most states had expanded Medicaid under the Affordable Care Act making it difficult to generalize previous findings. Ultimately, the impact of a recession on utilization is likely to be very different by type of care and by individuals’ health insurance status. There is no evidence, however, that insurance prevents suicide or substance use.

**Policy Suggestions**
We recommend several policies, only some of which have been addressed in recent federal stimulus legislation.

Federal, state, and local officials should be vigilant around suicide prevention. The unprecedented unemployment combined with steadily rising suicide rates leading up to the current epidemic imply that suicide rates could rise dramatically. This is further complicated by sharp increases in gun and ammunition purchases which began in January 2020 and raise the specter of greater lethality in suicide attempts. The Federal Communications Commission proposed a 3-digit dialing code, 988, for a national suicide prevention and mental health crisis hotline which should receive full funding. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress allocated to Substance Abuse and Mental Health Services Administration (SAMHSA) $50 million in funding for suicide prevention programs but it is likely that more resources will be needed to meet the growing need.

Despite the forced closure of bars, restaurants, and college campuses as alcohol beverages sales are reported to have spiked significantly. Thus, substance use prevention is another significant priority.

Telehealth expansion should accelerate. Many facilities are currently closed or have limited hours, and patients are reluctant to seek care. Federal authorities have eased some regulations on the use of telemedicine to facilitate medical services generally, and behavioral health services, such as buprenorphine prescribing, during the pandemic. Medicare temporarily will reimburse for medical and behavioral health care delivered via telehealth -- in patients’ homes and across the country. Moreover, care is covered from a range of providers,
such as doctors, nurse practitioners, clinical psychologists, and licensed clinical social workers. These expansions should be extended well beyond the initial impacts of the recession to accommodate anticipated pent-up demand. The Federal government should also emphasize the need for parity for private insurance, specifically, parity in the coverage of mental health and substance use disorders treated via telehealth.

States should reimburse providers for telehealth services in the same manner or at the same rate that states pay for face-to-face services. This can be done without federal approval. To ensure access to telehealth across all states, the Federal government could require Medicaid and private health plans to reimburse for telehealth beyond the pandemic, on par with reimbursement for in-person mental health and substance use disorder services.

Investments continue to be needed to improve broadband access for patients and telehealth implementation for providers. The CARES Act includes $300 million in funding for telecommunication programs for health care providers, including information services, connectivity and devices although this funding has not been specifically been directed at behavioral health services. These financial supports should not be limited to COVID-19 diagnosis or treatment.

Practice closures have created significant financial hardship for providers. The CARES Act included an additional $425 million for Substance Abuse and Mental Health Services Administration (SAMHSA) programs. This includes $250 million for community behavioral health organizations hit hard by the crisis and $100 million for mental health and substance use disorder emergency grants. Other support, such as $1.32 billion to community health centers and $100 billion in grants toward providers' lost revenue is tied directly to COVID-19 prevention, diagnosis, and treatment. It is important to extend this support to communities that are hit economically by closures and other policies, independent of the prevalence of COVID-19. When states and local governments have faced significant revenue declines and budget shortfalls, as in the 2008 recession, they struggled to fund behavioral health services despite expanded need and opted to cut services $3 or every $1 increase in tax and fee revenues. Additional federal assistance can mitigate these effects.

Insurance coverage protections for people who lose employee coverage. Insurance coverage is critical for individuals to access mental health and substance use disorder treatment. Between 2008 and 2010, in the depths of the Great Recession, there were 9.7 million fewer American with employer-sponsored health insurance, a decline of 6.6. Today the Affordable Care Act provides access to insurance through marketplaces and Medicaid expansion. These offerings can blunt the effect of employment-related insurance losses and help individuals maintain access to behavioral health treatment. However, as of January 2002, 14 states still had not expanded Medicaid. In these states, individuals will likely face greater barriers to obtaining behavioral health treatment.

Develop and support systems that facilitate client connection to social services such as housing or food. These systems, such as North Carolina’s NCCare360, help track social
services availability and are designed to ease referrals. While these systems can improve information flow, they should be matched with increases in social services capacity in order to meet increased need.

Providers and state and local departments of behavioral health are bracing themselves for the immediate and longer terms economic impacts of COVID-19. The immediate need is to expand suicide and domestic violence response systems, to shore up providers facing financial distress in the near term, and to limit state and local budget service cuts when the COVID-19 crisis wanes.
REFERENCES

10. Azrael D and MillerM. Reducing Suicide Without Affecting Underlying Mental Health: Theoretical Underpinnings and a Review of the Evidence Base Lining the Availability of Lethal Means and Suicide in Rory C. O’Connor and Jane Pirkis, eds., The International Handbook of Suicide Prevention, 2nd ed., Hoboken, N.J.: John Wiley and Sons, 2016


18. More information about NCCARE360 can be found at https://www.ncdhhs.gov/about/department-initiatives/healthy-opportunities/nccare360