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January 22, 2019

Joshua Baker, Director  
South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, SC 29202-8206

**RE: Community Engagement Section 1115 Demonstration Waiver Application**

Dear Mr. Baker,

On behalf of the South Carolina Psychiatric Association, the medical specialty society representing more than 400 psychiatric physicians in the state, and the American Psychiatric Association (APA), the national medical specialty society representing more than 37,800 psychiatric physicians nationwide, we write with concern about the proposed Section 1115 Medicaid waiver imposing community engagement requirements on certain non-elderly, non-disabled adults. We appreciate the additional opportunity to comment on this important waiver and want to bring your attention to certain negative impacts it may have on patients with mental health and/or substance use disorders. We recognize that voluntary programs to assist Medicaid enrollees in obtaining a job or gaining job skills have been successful in several states, but we are concerned about making employment or other community engagement activities a mandatory condition of eligibility.

We are concerned about this proposal leading to a loss in coverage for the state's most vulnerable citizens, in particular, low-income parents. In its latest report, the South Carolina Appleseed Legal Justice Center, estimated that the new requirement would lead to as many as 5,000 to 14,000 South Carolina parents losing their Medicaid coverage.<sup>1</sup> To be eligible for Medicaid in the state, the income threshold is already low, with the income cut off for a family of three being \$1,160 per month. As the proposal currently stands, Medicaid recipients will be required to document 80 hours per month of community engagement activities or lose coverage. We are especially worried that this waiver will harm parents who will have to comply with these requirements and in

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<sup>1</sup> Alker, Joan, et al. *Low-Income Families with Children Will Be Harmed by South Carolina's Proposed Medicaid Work Reporting Requirement*. Georgetown Center for Children and Families, 2019. <https://ccf.georgetown.edu/wp-content/uploads/2019/01/SC-Work-Requirement-Final.pdf>.

turn, secure full-time employment only to lose coverage if they exceed the income threshold. While the proposal makes an exception for individuals who are the primary caregiver for children under the age of six or someone who is disabled, it ignores the challenges a low-income parent will face in securing stable employment and child care. The jobs available to workers with low skills and education in South Carolina are typically in blue collar, office support, and food services industries. These sectors expect the least employment growth, while 56 percent of all South Carolina jobs will require some postsecondary training by 2020.<sup>2</sup> Additionally, part-time jobs in low-skill sectors tend to have more variable and unpredictable schedules,<sup>3</sup> making it difficult for a single parent to manage and pay for child care. We urge the state to consider these obstacles and focus on how Medicaid coverage for parents has led to long-term savings by improving health outcomes for children in poverty.<sup>4</sup>

We are also concerned that this waiver will disproportionately affect individuals with mental illness and substance use disorders (SUDs). Medicaid is one of the nation's largest payers of these services, covering 25% of mental health services and 21% of substance use disorder services at the national level.<sup>5</sup> This policy largely ignores the stigma that still surrounds mental illness and substance use disorders, which may lead Medicaid beneficiaries to be reluctant to disclose their condition and forgo submitting the appropriate paperwork. If a patient must make a choice between not disclosing their condition and qualifying for Medicaid, they may choose the former, putting their treatment and stability at-risk. People with mental illness and/or substance use disorder also face unique barriers to stable employment due to their fluctuating ability to function, which can lead to job loss. These patients disproportionately have criminal records, often tied to their medical conditions. Additionally, research shows that patients with serious mental illnesses die years earlier than the general population, with the majority of them perishing due to physical health conditions.<sup>6</sup> Taking coverage away from these patients will likely lead to delayed treatment and costly physical and mental health outcomes.

Even if individuals with a mental illness and/or a substance use disorder meet the requirements of the waiver, there remains a real risk of eligible people losing coverage due to miscommunication, their inability to navigate these processes, or other breakdowns in the administrative process. For many working adults struggling with a mental illness and/or a substance use disorder, overcoming the administrative obstacles to prove they are eligible for an exemption may be cumbersome due to the nature of their condition, leading them to lose coverage on purely technical grounds. Notably, patients may find themselves in an impossible position where they may lose Medicaid coverage because they cannot get their disability documented, but they also cannot get the disability documentation *because* they do not have health coverage. In just a few months, we have already seen the consequences of this

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<sup>2</sup> Carnevale, Anthony P, and Nicole Smith. A DECADE BEHIND: Breaking out of the Low-Skill Trap in the Southern Economy. 2012. Georgetown Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/a-decade-behind/>

<sup>3</sup> Golden, Lonnie. "Still falling short on hours and pay: part-time work becoming new normal." 2016. Economic Policy Institute.

<sup>4</sup> Venkataramani, Maya, et al. "Spillover Effects of Adult Medicaid Expansions on Children's Use of Preventive Services." *Pediatrics*, vol. 140, no. 6, 2017, doi:10.1542/peds.2017-0953

<sup>5</sup> Julia Zur, MaryBeth Musumeci, and Rachel Garfield. Medicaid's Role in Financing Behavioral Health Services for Low-Income Individuals. June 2017. <https://www.kff.org/medicaid/issue-brief/medicaids-role-in-financing-behavioral-health-services-for-low-income-individuals/>

<sup>6</sup> Ben Druss et al. "Psychiatry's Role in Improving the Physical Health of Patients with Serious Mental Illness." December 2017. <https://ps.psychiatryonline.org/doi/abs/10.1176/appi.ps.201700359>

policy's implementation in Arkansas. As of December 1, nearly 17,000 Arkansas Medicaid beneficiaries have lost coverage due to the new requirements.<sup>7</sup> The loss of coverage for these recipients has been particularly significant in rural populations. The findings have highlighted that simply notifying recipients about the new requirements has been challenging when so many do not have stable addresses and phone numbers. Additionally, a lack of computer literacy and internet access among recipients has led to individuals not being able to set up online accounts or comply with the reporting requirements, even when they may be fulfilling the requirements. We worry that the same factors may be applicable to South Carolina's Medicaid population.

We believe this waiver is particularly troubling in light of the ongoing opioid crisis affecting many individuals and families throughout South Carolina today. Individuals with SUD already face numerous barriers to accessing substance use disorder treatment. As a result, only 10 percent of the nearly 20 million adults in America who needed SUD treatment received such treatment in 2016.<sup>8</sup> Addiction is a complex brain disease and seeking treatment can take several attempts; it is not a guarantee for lifetime recovery. In the best-case scenario of a patient receiving inpatient care, maintaining access to the ongoing care they need may be compromised if they cannot secure a job shortly after leaving treatment. This is especially worrisome in rural areas of South Carolina, where jobs remain harder to find and individuals are more likely to be covered through Medicaid coverage.<sup>9</sup>

We thank you for the opportunity to respond to the South Carolina's proposal. If you have questions, please contact Kathy Orellana, Associate Director of Practice Management and Delivery Systems Policy, at [korellana@psych.org](mailto:korellana@psych.org). We welcome an opportunity to further continue this conversation with your office, so please feel free to reach out if you have any questions.

Sincerely,

Jeffrey Raynor, MD  
President  
South Carolina Psychiatric Association

Saul Levin, MD, MPA, FRCP-E  
CEO and Medical Director  
American Psychiatric Association

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<sup>7</sup> Jennifer Wagner, "Commentary: As Predicted, Arkansas' Medicaid Waiver Is Taking Coverage Away From Eligible People," Center on Budget and Policy Priorities, December 18, 2018, <https://www.cbpp.org/health/commentary-as-predicted-arkansas-medicaid-waiver-is-taking-coverage-away-from-eligible-people>.

<sup>8</sup> Eunice Park-Lee et al. Receipt of Services for Substance Use and Mental Health Issues among Adults: Results from the 2016 National Survey on Drug Use and Health. September 2017. <https://www.samhsa.gov/data/sites/default/files/NSDUH-DR-FFR2-2016/NSDUH-DR-FFR2-2016.htm>

<sup>9</sup> Alker, Joan, et al. *Low-Income Families with Children Will Be Harmed by South Carolina's Proposed Medicaid Work Reporting Requirement*. Georgetown Center for Children and Families, 2019. <https://ccf.georgetown.edu/wp-content/uploads/2019/01/SC-Work-Requirement-Final.pdf>.