

WAFCA 2023-25 State Budget Request

Growing Our Workforce

WAFCA is a membership association comprised of for profit and nonprofit behavioral health and human services agencies. Our members provide services ranging from prevention to residential treatment, across the lifespan, and throughout the state. The depth and breadth of services delivered gives us a unique perspective - one that allows us to see where struggles have taken root and identify targeted solutions. ***It is from this vantage point that we recommend substantial Medicaid rate increases for behavioral health services in the 2023-25 Biennial Budget.***

Fair Reimbursement for Mental Health & Substance Use Providers

The ability for individuals to access treatment for mental health and substance use is dependent upon the number of providers who are sustainably funded to deliver such essential services.

WAFCA member agencies serve a disproportionate share of Medicaid recipients, deriving 80% of their funding from government payers. Reimbursement for most services does not cover the cost of care. Regulatory caps on earnings further impedes innovation and financial stability for providers.

Mental health and substance use disorders **are most prevalent in Medicaid enrollees.**

39%

of Medicaid enrollees are living with a mental health or substance use disorder.

Workforce challenges are widespread and go beyond Medicaid, but shortages may be exacerbated in Medicaid. On average, only 36% of psychiatrists accept new Medicaid patients – lower compared to other payers and compared to rates for physicians overall (71%). (Source: [KFE](#), 2023)

The underfinancing of the mental health workforce has individual, community and state level consequences and costs. When the supply of providers cannot respond to the demand for services, it can result in an increase in emergency room use and hospital stays or out-of-home placement. (Source: [OCMH](#), 2021)

Providers dedicated to serving underinsured and Medicaid covered populations can't compete on salary. New practitioners emerging from school with student debt face financial pressure to pursue positions that offer higher pay. This disproportionately harms Wisconsin children. **More than 1 in 3 Wisconsin children are exclusively covered by Medicaid/CHIP.**



Research on "The Impacts of Physician Payments on Patient Access, Use, and Health" found evidence that **reimbursement rates are an important determinant of access to care, health care utilization, and health status** among Medicaid recipients. (Source: [NBER Working Paper 26095](#), 2019)

To grow the workforce needed to serve Medicaid-enrolled individuals, children and families, increase the Medicaid behavioral health funding by at least 20% over the biennium.

