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Reimbursement Rates for Primary Care Services: Evidence of Spillover Effects to Behavioral Health

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**ABSTRACT**

We study spillover effects of the largest ever increase in Medicaid primary care reimbursement rates on behavioral health and healthcare outcomes; mental illness, substance use disorders, and tobacco product use. Much of the variation in Medicaid reimbursement rates we leverage is attributable to a large federally mandated increase between 2013 and 2014 through the Affordable Care Act. We apply differences-in-differences models to survey data specifically designed to measure behavioral health outcomes over the period 2010 to 2016. We find that higher primary care Medicaid reimbursement rates improve behavioral health outcomes among enrollees. We find no evidence that behavioral healthcare service use is altered. Previous economic research shows that the mandated boost increased office visits. Thus our results suggest that primary care providers are efficient in improving behavioral health outcomes among Medicaid enrollees. Given established shortages of behavioral health providers, these findings are important from a healthcare workforce and policy perspective.

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