

Covering Residential Addiction Treatment Under Medicare

There is a misperception that older individuals, who comprise the majority of 67 million Medicare beneficiaries, do not struggle with addiction. Indeed, the prevalence of untreated substance use disorder (SUD) among baby boomers is a significant public health problem. The structured regimen of 24-hour residential addiction care provides medically necessary care for some, yet continues to be excluded from Medicare coverage.

Why Pass Legislation Now?

Many Medicare beneficiaries have substance use disorder (SUD) and most do not receive treatment: It is estimated that over 5 million Medicare beneficiaries have past-year SUD, but less than 25% receive treatment for their condition.*

Payment is a major reason for Medicare beneficiaries not receiving addiction treatment: One in three cite financial barriers, including no insurance coverage, as a reason for not seeking treatment.**

Medicare coverage of residential addiction treatment would save lives and avert unnecessary costs: A modest investment would provide an estimated 75,000 residential treatment episodes annually while offsetting hospitalization and emergency care costs.^

What You Can Do



Co-sponsor the **Residential Recovery for Seniors Act (H.R. 9232 / S. 4860)**. This first-of-its-kind legislation would **create a Medicare Part A benefit for residential addiction treatment programs** meeting nationally recognized standards, categorized as Level 3.1: Clinically Managed Low-intensity Residential Treatment; Level 3.5: Clinically Managed High-intensity Residential Treatment, and/or Level 3.7: Medically Managed Residential Treatment. It would also **establish a prospective payment system for these programs**, ensuring that reimbursement for covered residential addiction treatment services is based on pre-determined, fixed amounts.

*Legal Action Center. "Medicare's Expanded Coverage of Substance Use Disorder Treatment: Important Progress and Recommendations to Fill Remaining Gaps," May 2020. https://www.lac.org/assets/files/2024-MAPP-Updates-Issue-Brief-share_Updated.pdf.

**Parish, William J., Tami L. Mark, Ellen M. Weber, and Deborah G. Steinberg. "Substance Use Disorders Among Medicare Beneficiaries: Prevalence, Mental and Physical Comorbidities, and Treatment Barriers." *American Journal of Preventive Medicine* 63, no. 2 (August 1, 2022): 225-32. <https://doi.org/10.1016/j.amepre.2022.01.021>.

^Parish, William, Tami L. Mark, and RTI International. "The Cost of Adding Substance Use Disorder Services and Professionals to Medicare." Legal Action Center, August 2022. https://www.lac.org/assets/files/LAC_Medicare_Budget_Impact_Report_08_08_2022-submitted.pdf.

