

# New Study: Medicaid Open Access to Antipsychotics Linked to Lower Costs & Hospitalizations for Serious Mental Illness

NEW YORK, NY, UNITED STATES, June 23, 2025 /EINPresswire.com/ -- Researchers from the University of Cambridge, Bogazici University and the City University of New York (CUNY), and [Columbia Data Analytics](#) have found that, overall, Medicaid patients with serious mental illness (SMI) in states with restrictive access policies on antipsychotic medication incur [higher healthcare utilization and costs related to SMI](#).

Medicaid provides coverage for more than one-fifth of Americans with mental health disorders. To control budget, some state Medicaid programs have implemented restrictive formulary management strategies such as prior authorization and step therapy, with the goal of managing utilization toward less costly generic medications.

Using Kythera Labs Medicaid data from 2016 to 2023, this retrospective analysis compared outcomes in patients with SMI accessing antipsychotic medications through Medicaid programs in Michigan, California, Colorado, Florida, Illinois, and Wisconsin. Michigan has an open-access policy for antipsychotics, while the other 5 states utilized more restrictive formulary management strategies. The outcomes assessed included SMI-related hospital admissions, length of hospital stay, emergency department and outpatient visits, and associated costs.

The analysis found that the rates of SMI-related hospitalizations were higher in all five states implementing restrictive formulary management policies than in Michigan. Patients in Michigan incurred higher pharmacy costs yet SMI-related inpatient costs were significantly lower. Michigan was second only to Colorado in terms of total SMI-related costs.

“Covering the cost of medications for serious mental illness through Medicaid creates benefits for everyone involved. Patients experience better outcomes, as they are less likely to require emergency room visits or extended hospital stays. Healthcare providers can allocate limited hospital resources to patients who are most in need and awaiting care. Payers also gain, since the savings from reduced inpatient and emergency services more than compensate for the cost of pharmacy payments” according to Prof. Onur Baser, an economist affiliated with the CUNY Graduate School of Public Health and Bogazici University in Istanbul, and a co-author of the study.

The authors recommend that policymakers consider combining open-access policies with

measures like care coordination and adherence monitoring to further boost benefits and diminish risks.

Citation: Patel R, Baser O, Waters HC, et al. Open access to antipsychotics in state Medicaid programs: Effect on healthcare resource utilization and costs among patients with serious mental illness. J Health Econ Outcomes Res. 2025;12(1):222-229.

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