

SAMHSA’s Center for Financing Reform & Innovations (CFRI)

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The Center for Financing Reform and Innovations (CFRI) provides information, analysis, products, and technical assistance to address changes in the organization and financing of behavioral health care, and to guide Federal officials, States, Territories, Tribes, communities, and private payers on the most effective and efficient use of available resources to meet the prevention, treatment, and recovery support needs of the American public.

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National News

- **President Obama signs \$1.1 trillion federal budget.** On December 16, **President Obama** signed a bill ([HR83](#)) providing \$1.1 trillion to fund most federal agencies through September 30, 2015. Under the bill, **SAMHSA** will receive \$3.62 billion in total funding, a reduction of \$9.9 million from FY2014. SAMHSA's funding includes \$1.82 billion for the **Substance Abuse Prevention and Treatment Block Grant**, \$482.6 million for the **Mental Health Block Grant**, \$49.9 million for Primary and Behavioral Health Care Integration and \$15 million for Mental Health First Aid. Modifying the Affordable Care Act (ACA), the bill also limits the funding sources for ACA risk corridor payments to fees collected from health insurers. Under the ACA, risk corridors enable the **U.S. Department of Health and Human Services (HHS)** to partially offset insurers' unexpected losses. Finally, the bill also allocates the **U.S. Department of Justice (DOJ)** an additional \$7 million to establish a new anti-heroin task force that will issue competitive grants for supply reduction efforts ([NBC News, 12/16](#); [Washington Post, 12/10](#); [National Journal, 12/10](#); [National Council for Behavioral Health, 12/11](#)).
- **National defense bill expands mental health screenings for military personnel.** As part of the bill ([HR3979](#)) that authorizes the **U.S. Department of Defense (DOD)** to spend funds allocated for FY2015, all active-duty military personnel and select reservists must receive an annual in-person, one-on-one mental health screening. Additionally, deployed personnel must receive a mental health screening every 180 days. Previously, military personnel were required to receive a screening once every five years. The bill also requires a psychiatrist, psychologist, or physician with expertise in post-traumatic stress disorder (PTSD) or traumatic brain injury (TBI) to review cases where military personnel appeal an involuntary discharge "for issues possibly related to PTSD, TBI, or a related mental health condition" ([Washington Post, 12/15a](#); [Navy Times, 12/15](#)).
- **HHS partners with private entities to enhance Marketplace outreach.** Throughout the current **Health Insurance Marketplace open enrollment period**, **HHS** has announced partnerships with pharmacies, technology companies, and electronic cash transaction companies as part of an effort to reach consumers through a variety of outlets. HHS has provided training to pharmacists at **Ahold USA Companies, Bi-Lo Holdings, CVS Health, H-E-B, Kroger, Rite Aid, Walgreens**, and **Wal-Mart** to answer basic enrollment questions and direct individuals to enrollment assistance resources. Additionally, some pharmacies are hosting enrollment events with navigators or insurance representatives. As another avenue, technology companies **Monster.com, Peers.org**, and **Higi** are providing reminders about the open enrollment period on their websites and interactive stations. Finally, the electronic cash transaction company **PayNearMe** is including an announcement about the open enrollment period on all its receipts printed at **7-Eleven** stores throughout the country ([HHS, 12/11](#); [HHS, 12/17](#); [HHS, 12/19](#)).
- **ACA employer mandate takes effect for large businesses.** On January 1, the ACA's **employer mandate** took effect for businesses with 100 or more full-time equivalent employees (FTEs). Under the mandate, businesses must offer health insurance plans to at least 70 percent of their staff, and those plans must cover the ACA's 10 essential health benefits (EHBs) and at

least 60 percent of the plan's allowed medical costs. Additionally, plan premiums may cost employees no more than 9.56 percent of their annual income. According to *CNN*, large employers that do not offer coverage in 2015 must pay a monthly fine of \$174 per employee, not counting the first 80 employees. However, that fine is triggered only after at least one uninsured employee purchases subsidized **Health Insurance Marketplace** coverage. Meanwhile, employers offering insurance that does not meet the affordability or coverage requirements must pay a monthly fine of \$261 per affected employee. On January 1, 2016, the employer mandate will take effect for businesses with 50 to 99 FTEs, while businesses with 100 or more FTEs will be required to offer coverage to at least 95 percent of their employees ([CNN, 1/2](#); [California Healthline, 1/2](#)).

- **HHS awards \$665 million for innovative and integrated care.** On December 16, **HHS** awarded \$622 million in **State Innovation Model Test Awards** to 11 states and \$43 million in **State Innovation Model Design Awards** to 17 states, the District of Columbia, and three territories. Authorized under the ACA, the funds allow awardees to design and test health care payment and service delivery models intended to improve care and reduce costs. The awards will fund patient-centered medical homes (PCMHs) and accountable care organizations (ACOs) and test initiatives designed to integrate primary care and behavioral health services ([HHS, 12/16](#)).
- **HHS awards \$36.3 million to recognize and expand health center quality improvement.** To recognize quality improvement achievements and invest in ongoing quality improvement activities, **HHS** awarded \$36.3 million in **Health Center Quality Improvement Awards** to 1,113 health centers across all 50 states, the District of Columbia, and seven territories. According to HHS, health centers that received awards met at least one of four quality benchmarks: (1) ranking among the top 30 percent of all health centers that achieved the best clinical outcomes; (2) surpassing the **Healthy People 2020** national clinical benchmarks for chronic disease management, preventive care, and perinatal and prenatal care; (3) improving at least 10 percent on clinical quality measures between 2012 and 2013; or (4) using electronic health records (EHRs) to report clinical quality measure data on all of their patients. HHS has issued a [list of awardees](#) ([HHS, 12/9](#); [California Healthline, 12/10](#)).

State News

- **TN and VA governors propose Medicaid expansions, AL governor supports coverage expansion.** On December 15, **Tennessee Governor Bill Haslam** (R) [unveiled](#) “**Insure Tennessee**,” his plan for **expanding Medicaid** to individuals with incomes up to 138 percent of the federal poverty level (FPL). Under the plan, eligible individuals would choose to receive a voucher for employer-sponsored premium assistance or enroll in a Medicaid plan that includes health savings accounts and copayment requirements. According to Governor Haslam, individuals enrolling in the Medicaid plan could participate in a wellness incentives program to receive state funds that cover out-of-pocket costs. In addition, to support the expansion after federal funding declines, the **Tennessee Hospital Association** has agreed to cover the state's portion of costs for both programs. The plan requires approval from the **Tennessee Legislature** and the **Centers for Medicare & Medicaid Services** (CMS). Meanwhile, **Virginia Governor Terry**

McAuliffe (D) included a Medicaid expansion among his [FY2015 proposed amendments](#) to the 2014-16 state budget. The amendment requires approval from the **Virginia Legislature**, which has rejected Governor McAuliffe's previous Medicaid expansion proposals. Finally, **Alabama Governor Robert Bentley** (R) announced that he supports expanding health insurance coverage to the Medicaid expansion population using federal funds and that his administration is currently exploring various proposals before submitting a plan to the **Alabama Legislature** and CMS. According to Governor Bentley, the plan would include work requirements for enrollees ([Politico, 12/15](#); [Modern Healthcare, 12/15](#); [Washington Post, 12/15b](#); [Tuscaloosa News, 12/18](#)).

- **Alabama unveils Medicaid managed care organizations.** As part of the Medicaid program's transition from fee-for-service to managed care, **Alabama Governor Robert Bentley** (R) unveiled the first six Medicaid managed care organizations (MCOs) to receive probationary approval from the **Alabama Medicaid Agency**. According to Governor Bentley, each MCO will serve a specific geographic region and will receive a monthly capitated fee. The managed care transition, [approved](#) by the **Alabama Legislature** in 2013, is scheduled to take effect on October 1, 2016 and requires **CMS** approval for the state's [Section 1115 Research and Demonstration Waiver](#) ([Alabama Media Group, 12/18a](#); [Alabama Media Group, 12/18/b](#)).
- **Arkansas: CMS approves health savings accounts for premium assistance population.** On December 31, **CMS** [approved](#) the **Arkansas Department of Human Services'** (ADHS) [Section 1115 Research and Demonstration waiver](#), modifying Arkansas' existing **premium assistance program** for individuals with incomes up to 138 percent of FPL. Under the waiver, enrollees with incomes between 50 and 100 percent of the FPL will contribute \$5 per month to a **health savings account** (HSA), while individuals with incomes between 101 and 138 percent of the FPL will contribute \$10 to \$25 per month. In both cases, the HSA will cover all cost-sharing requirements. Although ADHS will not revoke coverage for individuals who do not make their contributions, the department will allow providers to bill individuals directly for all costs that would have been covered by the HSA. In addition, providers may deny services to individuals in the higher income group who do not contribute to their HSAs, but individuals in the lower income group may not be denied services. In March 2014, **Arkansas Governor Mike Beebe** (D) signed a bill ([SB 111](#)) ordering ADHS to end the premium assistance program on February 1, 2015 if HHS did not approve the HSAs ([Modern Healthcare, 1/5](#); [Arkansas News Bureau, 8/1](#)).
- **Colorado: Denver establishes Office of Behavioral Health Strategies.** On December 10, **Denver Mayor Michael Hancock** (D) launched the **Denver Office of Behavioral Health Strategies** to coordinate the current behavioral health activities of city agencies, expand behavioral health training for city personnel, raise awareness of behavioral health issues, and work with community partners to develop new behavioral health initiatives. Don Mares, president and CEO of **Mental Health America of Colorado**, will serve as executive director, and Denver officials believe that the office is the first of its kind for a major U.S. metropolitan city ([Office of Denver Mayor Hancock, 12/10](#); [Denver Post, 12/10](#)).
- **Louisiana: CMS rejects Medicaid prescription drug formulary.** **CMS** rejected the **Louisiana Department of Health and Hospitals'** (LDHH) revised Medicaid prescription drug formulary, finding it out of compliance with federal requirements. According to the *Associated*

Press, the formulary had been in effect for two years, and CMS has not yet determined whether it will seek up to \$25 million in repayments from LDHH. An LDHH spokesperson said that the revised formulary is necessary to maintain pharmacist participation in the Medicaid program and that the state will appeal the rejection ([AP via New Orleans Times-Picayune, 12/18](#); [The Advocate, 12/22](#)).

- **Oklahoma City approves new psychiatric hospital.** On December 17, the **Oklahoma City Council** approved the construction of a new 72-bed adult psychiatric hospital. Operated by **Springstone LLC**, the hospital will provide outpatient, intensive outpatient, partial hospitalization, and inpatient services; however, the hospital will not provide inpatient care for Medicaid enrollees because Oklahoma’s Medicaid program does not reimburse for inpatient psychiatric care at free-standing hospitals. According to a spokesperson, the hospital will have approximately 150 staff and an annual payroll of \$9 million ([The Oklahoman, 12/17](#)).
- **Oregon transitioning to Kentucky’s online Medicaid enrollment system.** On December 8, the **Oregon Health Authority** (OHA) announced plans to transition from its current online Medicaid enrollment system to a version of the **Kentucky Cabinet for Health and Family Services’** (KCHFS) system. The transition will be overseen by **Deloitte**, which also oversaw the state’s marketplace transition ([The Oregonian, 12/8](#)).
- **Pennsylvania agrees to phase out solitary confinement for inmates with serious mental illness.** On January 6, the **Pennsylvania Department of Corrections** (PDC) and the **Disability Rights Network of Pennsylvania** (DRNPA) announced a [settlement](#) in a lawsuit regarding the use of solitary confinement for inmates with serious mental illness (SMI). Under the settlement, by July 1, 2016, PDC will stop using solitary confinement for individuals with SMI. PDC will also provide mental health screenings to individuals without SMI who are placed in solitary confinement for over one year and will expand mental health screenings for all new inmates to determine if they have SMI. To replace solitary confinement, PDC will create **Diversionsary Treatment Units** that provide inmates with access to mental health services and a minimum of 20 hours per week outside of their cell. According to DRNPA, though the settlement expires after five years or 18 consecutive months of compliance, the agency expects PDC to maintain the reforms ([Pittsburgh Post-Gazette, 1/6](#); [Philadelphia Inquirer, 1/6](#); [DRNPA, 1/6](#)).
- **Texas temporarily halts adult admissions to San Antonio State Hospital.** Citing a shortage of nurses, the **Texas Department of State Health Services** (TDSHS) temporarily halted all admissions to **San Antonio State Hospital**, one of ten psychiatric hospitals operated by the department. According to a TDSHS spokesperson, with 12 of the hospital’s 83 nurse positions vacant and several other nurses on extended medical leave, admissions will not resume until the 302-bed hospital addresses the shortage ([KSAT 12 ABC, 12/4](#)).
- **West Virginia: Medicaid to reimburse for services from masters-level clinical social workers.** To expand access to behavioral health services, the **West Virginia Department of Health and Human Resources** (WVDHHR) announced that it will allow Medicaid reimbursements to independent, licensed, masters-level clinical social workers. According to WVDHHR, changes to the state’s Medicaid billing rules are still forthcoming; however, the

department expects reimbursements to be available beginning on July 1, 2015 ([West Virginia Public News Service, 12/22](#)).

Financing Reports

- **[“Advancing delivery and payment reform in managed care provider networks: Tools for state purchasers”](#)** Center for Health Care Strategies. Hasselman, D. et al. December 2014.
- **[“Affordability of marketplace coverage: Challenges to enrollment and state options to lower consumer costs”](#)** Urban Institute. Dorn, S. December 2014.
- **[“Analysis of 2015 premium changes in the Affordable Care Act’s health insurance marketplaces”](#)** Kaiser Family Foundation. Cox, C. et al. Updated January 8, 2015.
- **[“Creeping and leaping from payment for volume to payment for value: An update on behavioral healthcare payment reform”](#)** National Council for Behavioral Health. September 9, 2014 & **[“Case rate toolkit: Preparing for bundled payments, case rates, and the triple aim”](#)** Dale Jarvis & Associates. May 2014.
- **Employees’ health insurance contribution increased by average of 93 percent from 2003 to 2013.** **[“National trends in the cost of employer health insurance coverage, 2003–2013”](#)** Commonwealth Fund. Collins, S. et al. December 9, 2014 ([Minnesota Public Radio, 12/9](#)).
- **House Minority: 13 million individuals could lose marketplace subsidies if Supreme Court rules against HHS in *King v. Burwell*.** **[“District-by-district impact of a potential Supreme Court ruling against Affordable Care Act federal exchange tax credits”](#)** U.S. House of Representatives Committee on Energy and Commerce Minority Staff. December 2014.
- **[“Marketplace insurance premiums in early approval states: Most markets will have reductions or small increases in 2015”](#)** Urban Institute. Holahan, J. et al.
- **Marketplace premiums increased six percent, nationwide.** **[“Exchanges year 2: New findings and ongoing trends”](#)** McKinsey & Company. December 2014 ([Fierce Health Payer, 12/22](#)).
- **[“Marketplace renewals: State efforts to maximize enrollment into affordable health plan options”](#)** Georgetown University Health Policy Institute. Corlette, S. et al. December 2014.
- **Massachusetts: Audit finds \$35 million of “questionable or unallowable” payments in FY2012.** **[“Office of Medicaid \(MassHealth\)—Review of MassHealth limited program claims for emergency medical services provided to non-qualified aliens”](#)** Massachusetts Office of the State Auditor. December 9, 2014 ([Boston Globe, 12/11](#)).
- **Massachusetts: Behavioral health service capacity may need to expand to accommodate commercial insurance expansions.** **[“Mandated benefit review of Chapter 258 of the Acts of 2014: An act to increase opportunities for long-term substance abuse recovery”](#)** Massachusetts Center for Health Information and Analysis. West, C. & Vizard, J. December 2014.
- **[“Measuring up: A novel approach to assessing state oversight of Medicaid managed care”](#)** Mathematica Policy Research. Libersky, J. & Lipson, D. December 1, 2014.
- **Medicaid programs reimbursed \$58 billion for psychotherapeutic medications in FY2012.** **[“What drives spending and utilization on Medicaid drug benefits in states?”](#)** KFF. Bruen, B. & Young, K. December 10, 2014.

- [“National health spending in 2013: Growth slows, remains in step with the overall economy”](#)
Health Affairs 34(1): 150-160. Hartman, M. et al. January 2015.
- [“Out-of-pocket health care expenditures, by insurance status, 2007–10”](#) *Health Affairs* 34(1): 111-116. Catlin, M. et al. January 2015.
- **RAND finds 9.7 million individuals could lose marketplace coverage if Supreme Court rules against HHS in *King v. Burwell*.** [“The effect of eliminating the Affordable Care Act’s tax credits in federally-facilitated marketplaces”](#) RAND Corporation. Saltzman, E. & Eibner, C. January 8, 2015.
- [“State trends in the cost of employer health insurance coverage, 2003-2013”](#) Commonwealth Fund. Schoen, C. et al. January 8, 2015.
- **Through December 2014, 16 states launched Medicaid health homes with 1.05 million total enrollees.** [“Medicaid health homes: Implementation update”](#) Center for Health Care Strategies. December 2014.